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14 June 1982

LATIN AMERICA REPORT

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BRIEFS

CALDERON BERTI ON WORLD OIL MARKET--World oil demand is increasing faster than was estimated, because sale of inventory also exceeded calculations. But, OPEC members are ready to carry out the agreement made in Geneva recently to limit to 17,500,000 barrels their daily production, announced yesterday Minister of Energy and Mines Humberto Calderon, as he left the economic cabinet. He spoke about statements by Democratic Action [AD] technicians in a document in which, examining the economic measures adopted by the executive, they say the national government probably overestimated the response of the oil market and would be acting illegally to program expenditures based on revenue that will not be collected. He said inventory is being sold twice as fast as was estimated. The executive had estimated an inventory sale of 1,600,000 barrels daily, while the actual sale is more than 3,500,000, as per OPEC estimates. Expecting a market recovery for the second half of the year is not outlandish, nor is placing the average of exports at 1,420,000 barrels daily. "We adopted the most correct decision, and the market's response is proving us right." [Text] [Caracas EL UNIVERSAL in Spanish 4 May 82 p 1-19] 9545

OIL PRODUCTION FIGURES--National oil production in the week ending 27 April was 1,493,000 barrels daily, an increase of 74,000 compared with the previous period. The last weekly letter of the Ministry of Energy and Mines reported average production in the week ending 20 April was 1,419,000. Production from 1 to 27 April was 1,487,000. On 1 April, Venezuela effected the decision of the extraordinary OPEC conference on 19 March in Vienna to decrease its average production to 1,500,000. Production from the start of 1982 to 27 April was 1,785,000, a decrease of 323,000 units (15.32 percent) compared with all of 1981, which had 2,108,000 daily. The Venezuelan Petroleum [PDVSA] wells producing the most crude were Lagoven with 592,000 (39.65 percent) and Maraven with 445,000 (29.81 percent). The PDVSA's Corpoven and Meneven produced 229,000 (15.34 percent) and 227,000 (15.20 percent). Exports of crude and products were from the start of 1982 to 27 April 1,474,000, a decrease of 283,000 (16.11 percent) compared with all of 1981, when 1,757,000 barrels daily were sold abroad. The executive's goal for 1982 is to produce daily 1,825,000 and to export 1,420,000 units of crude and derivatives. [Text] [Caracas EL UNIVERSAL in Spanish 2 May 82 p 1-1] 9545

CHANGES IN OIL CONTRACTS ADVOCATED--Canceling contacts in technology and marketing with Shell and opening perspectives of greater diversification is urged because of the war that England has unleashed against Argentine rights over the

Malvinas, says Radames Larrazabal, adding that the issue of oil technology is a serious matter of sovereignty. The conflict unleashed by Great Britain against Argentina with the support of the Reagan government, introduces to the oil industry a change of technology policy. It is dangerous to continue to depend on the transnationals such as Exxon, Shell, Gulf and Mobil, who control the provisioning and supplying of equipment under conditions of imposing upon the national oil industry. We must take advantage of the expiration of contracts for technology and marketing in December of this year, not to obtain some superficial improvements, but to achieve diversification of backup sources through the state-to-state method. If England puts into effect repressive military, economic and financial methods against Argentina, Venezuelan solidarity must not be limited to words and good intentions. [Text] [Caracas EL UNIVERSAL in Spanish 3 May 82 p 1-18] 9545

NEW GASOLINE STABILIZER TOWER--Meneven installed a new gasoline stabilizing tower at its El Chaure refinery in Puerto La Cruz, which will process 20,000 barrels daily of naphtha. The new tower will produce stabilized naphtha, and the tank system will be perfected to store it in the El Chaure and Puerto La Cruz refineries, which will make available greater capacity for receiving high octane gasolines. Meneven will reclaim 560 barrels daily of GLP, which presently are consumed in the combustible gas system. The El Chaure refinery is basically an atmospheric distillation unit with a capacity of 35,000 barrels daily, for processing very light crudes such as Aguasay, Oficina, Mata Condensed, Anaco Wax and Santa Rosa Condensed, with gravities from 39 to 45 degrees API. The products of this plant are refinery gas for domestic consumption; paraffinic and aromatic naphthas that are mostly exported to Central and North America, mainly as input in petrochemical plants; gasoil, most of which is delivered to the domestic market and residual of low sulphur content for export or reprocessing in vacuum distillation units. [Text] [Caracas EL UNIVERSAL in Spanish 3 May 82 p 1-21] 9545

NEW GAS OIL PIPELINE--Maturin, 24--Lagoven has finished new oil installations in the area of the Orinoco Belt south of Monagas State, and in the southern district. "We are finishing four projects to give new installations to the production teams," said a spokesman. He pointed out that for environmental conservation two plants for effluents were built, one at the Temblador main station and the other in the same area but near Hato 5. "The testing stages are already going on before the startup of operations," said Lagoven spokesman Hugo Diaz B., emphasizing that both plants will reinject into the oilfields the brackish water that is produced with the oil. He also mentioned the installation of a flow station, a solvent station and a new 10-inch gasoil pipeline. In Jobo, the new flow station is being tested and enters service at the end of April to increase production. Diaz said the gasoil pipeline will start from Jobo and end in Punta Cuchillo. It is 90 kms long and will have a capacity of 22,000 barrels daily, which will reach the Lagoven tanks in Punta Cuchillo, Bolivar, at the Orinoco River. [Text] [Caracas EL NACIONAL in Spanish 25 Apr 82 p D-14] 9545

CSO: 3010/1522

FUNCTION OF LIAISON OFFICE DISPUTED

Conspiracy Charge

PA241755 Panama City MATUTINO in Spanish 19 May 82 p 4-A

["Vox Populi" column by Luis Restrepo]

[Text] The subject of the "liaison office" of the "community support service," which was created by the Panama Canal Commission, has turned into a very serious problem in Panama-U.S. relations, for the decision made by the commission has been rejected and denounced by the Panamanian Government as a clumsy violation of the Panama Canal Treaty.

According to Panamanian observers who have spoken with me, two important points have to be considered in analyzing the Panama Canal Commission's decision.

1. The "Zonians" underestimated the capacity and intelligence of the Panamanians by trying to use subterfuge to retain what have been called "police without uniform," by changing their name to "community support service."
2. It has been proven once again that the canal commission director and the U.S. ambassador in Panama are officials who openly conspire against Panamanian interests by backing the shady maneuvers of the "Zonians."

I must again point out that the Panamanian authorities became aware of the plot and proceeded to quickly and categorically tell the officials of that office--regardless of the cover they might give it--that if they continued to encroach on government functions or if they try to obstruct the actions of Panamanian authorities, they will be arrested, tried and punished to the full extent of the country's laws, since such espionage activities and provocation of violence are punishable crimes under our laws.

I was speaking to a U.S. friend last week who is very concerned about the activities of the group led and controlled by Dwight McKabney, Ray Laverty, Fred Cotton, Richard Morgan and George Bunche; he was telling me that the "liaison office" was conceived by this group and discussed and designed at a secret meeting held in the home of one of the plotters and that director McAuliffe subsequently approved it.

The U.S. friend explained that the "liaison office" has two basic purposes; A) to provoke problems with the national guard with acts of violence; and B) to watch the U.S. citizens, in order to prevent any kind of relationship between them and Panamanians. This espionage work against U.S. citizens is being

exercised strongly among those on the canal's Atlantic sector, because the "Zonians" mentioned are those who supply information on the subversive activities and the espionage being carried out by the McKabney and Laverty group.

Meanwhile, it should be clearly pointed out that nowhere does the Panama Canal Treaty authorize the canal commission to carry out functions such as those assumed by the liaison or sabotage office. It is a fact that the U.S. employees have some procedural guarantees that are almost equal to those enjoyed by the country's citizens; however, there is quite a difference between this and what they are trying to do. The treaty regulates the manner in which the U.S. citizens must behave if they believe that their rights or those of their dependents have been violated. However, we cannot accept meddling by the Panama Canal Commission in problems related to Panamanian justice. Apparently these are the purposes of the U.S. proconsul in Panama and the Panama Canal Commission administrator.

Columnist Criticizes Ambassador Moss

PA251500 Panama City MATUTINO in Spanish 24 May 82 pp 4A, BA

["Vox Populi" column by Luis Restrepo: "Insolent Diplomacy"--passages within slantlines denote boldface as published]

[Text] According to reports in the local press, Ambler Moss has resigned as U.S. proconsul in Panama.

Moss distinguished himself during this diplomatic mission by his ability to carry out, with the minimum of change, all the orders of his superiors in the area of diplomatic aggression against Panama and its people. This was particularly so after the Torrijos-Carter Treaty went into force on 1 October 1979.

We must now comment on the insolent and offensive diplomatic note that Moss sent to the Panamanian Foreign Ministry.

The journalistic ability of Justo Fidel Palacios, news director of television channel 4, alerted the Panamanian people to what was happening. In his newscast on the night of 21 May, he showed and read part of a diplomatic note signed by proconsul Moss and addressed to Foreign Minister Jorge Illueca. Using offensive, arrogant and humiliating language, Moss "protested" the warnings issued to Panamanian and U.S. Zonians employed by the Panama Canal Commission, to the effect that their actions, inactions, and activities--which violate the Panama Canal Treaties--were hindering the exercise of Panamanian jurisdiction, getting them involved in illegal activities and promoting hatred between Panamanians and North Americans.

As is known, the "Zonians" have created a quasi-governmental liaison office within the Panama Canal Commission "so that the U.S. citizens employed by the canal and its agencies will not fall under the jurisdiction of Panamanian justice." I have been told that the scheme was discovered when the treaty affairs executive directorate had access to a secret document drafted by the commission which indicated the functions of the liaison office.

I learned last Saturday that when the "Zonians" were exposed, they presented all kinds of arguments to cover up their scheme and delivered to the treaty affairs executive directorate a very general /new document of the functions of the liaison office/. Protests by the Panamanian representatives on the commission's board of directors, the Panamanian representative to the coordinating commission and the Panamanian representative on the police commission regarding the consequences of activities by the so-called "liaison office" have been useless. The liaison office is nothing but a terrorist organization to provoke violence. They were clearly told that "neither the national guard, the national department of investigation nor any other office in Panama will recognize the legal status of officials of the liaison office." "Their presence, in the face of opposition by the Panamanian authorities, would be considered usurpation of public functions and an obstacle to the exercise of jurisdiction by Panama. This is a crime under Panamanian law and they therefore expose themselves to arrest by the Panamanian authorities."

That attitude by the Panamanian authorities--though late in coming--provoked the ire of the State Department "Zonians," and proconsul Moss immediately presented the insolent and insulting note.

However, the Panamanian side has many questions it is dutybound to clarify to the country. /1. Why was the new document on functions of the liaison office accepted without the Foreign Ministry immediately and publicly stating that the Republic of Panama did not accept that office? 2. Why didn't the Panamanian authorities become aware of this problem until several months after the "Zonians" plan was revealed? 3. What influences and pressures kept the canal affairs executive directorate silent for months, even though it was aware of the scheme? 4. What role did the Panamanian deputy administrator of the Panama Canal Commission play in this delicate issue? He seems to be more a spokesman for the U.S. administrator?/

Liaison Office Further Faulted

PA262250 Panama City MATUTINO in Spanish 26 May 82 p 4-A

["Vox Populi" column by Luis Restrepo: "More About the Insolent Note"]

[Text] Tomas Paredes [executive director, Panama Treaty Affairs Directorate] has given the public ample additional information regarding the "insolent diplomatic note" from the U.S. Embassy in Panama, which a television station disclosed Friday night. Paredes' statement implies that the yankee proconsul's insolent note was "intentionally leaked" to the press in an effort to create confusion among the Panamanians.

Paredes reiterated his initial statement that the "Zonians who have proclaimed themselves plainclothes policemen could be arrested if they continue their illegal activities."

As we recall, the Panamanian authorities have clearly pointed out to the Panama Canal Commission that "neither the national guard, the National Department of Investigation nor any other office in Panama will recognize the legal status of

officials of the misnamed 'liaison office,' and that their presence before Panamanian authorities will be considered an usurpation of public functions and an obstacle to the exercise of Panamanian jurisdiction; consequently, they could be arrested."

Despite the warning, each time there is criminal case, civilian or otherwise, in which a U.S. citizen or dependent is involved, an official of the "liaison office" tries to come between the Panamanian official and the defendant. Furthermore, they have tried to act as official interpreters without having a license from the Ministry of Government and Justice. Some of them carry weapons and behave as if they were policemen. They have even claimed that "all U.S. employees of the Panama Canal Commission and their dependents are entitled to diplomatic immunity."

On several occasions the situation has become tense and Panamanian authorities have had to ask them to leave, warning them that if they persist in this behavior they could be arrested. In this statement last week Panamanian Government official Tomas Paredes complied with his duty by denouncing the situation. This prompted the insolent note from U.S. proconsul Ambler Moss.

The Panamanian Foreign Ministry should promptly reject the charges made in the insolent note and should once again warn the United States about the usurpation of functions of Panamanian justice. In addition, the next time a liaison officer comes before Panamanian authorities to mediate in favor of the Zonians and to question Panamanian jurisdiction, he should be arrested.

If, from the first, the Panamanian Government had assumed a more vigorous attitude when the Panama Canal Treaties were violated, we would not have this situation. Instead, the government preferred to adopt the "Panama yields" policy, that of looking away and letting "our friends" establish precedents which they now want to impose as legal interpretations of the Canal Treaty. The same is true in the cases of the two wage scales, the Mindi and Coco solo housing, their attempts to recover the Amador Causeway and many other aggressions which slipped by unnoticed or were considered of little importance. Today the country is suffering the consequences of this policy of conformity of which the other party took advantage with all the wickedness that is traditionally displayed when they trample weak countries.

Report on Spadafora Whereabouts

PA230251 Panama City LA ESTRELLA DE PANAMA in Spanish 22 May 82 p A-4

[From the "Names and Events" column]

[Text] Hugo Spadafora is helping to organize the Nicaraguan liberation movement led by Eden Pastora. International dispatches report that he was seen in Costa Rica territory this week, on the border with Nicaragua, wearing military fatigue uniforms and accompanied by a group of rebels.

CSO: 3010/1641

ECONOMIC RELATIONS WITH U.S. VIEWED UNFAVORABLY

Sugar Quota Hurts CBI

Santo Domingo EL NACIONAL in Spanish 28 Apr 82 p 8

[Editorial]

[Text] The Caribbean Basin Initiative proposed by President Reagan appears to be on the brink of collapse due to U.S. actions.

If the United States establishes a system of sugar quotas and maintains tariffs now in effect in order to guarantee a predetermined price level for domestic North American sugar, it will have ruined the Dominican Republic's sugar industry, as well as that of other Caribbean countries.

None of the concessions planned by the CBI would compensate for the tremendous damage such a program would inflict on the Caribbean economy.

The United States originally set up a high, variable tariff on imported sugar in order to guarantee the price of its own domestic sugar.

Due to the drop in world sugar prices, the tariff has proved inadequate to achieve the desired price for domestic North American sugar as specified by legislation.

The world price of sugar has dropped abruptly recently as a consequence of the publicized intent of setting up a quota system with a high import duty.

In other words, the entry of sugar into the United States would be restricted, leaving large quantities of the product outside the U.S. market and thus precipitating an even greater drop in world prices.

If high tariffs are maintained together with a quota system, growers producing under the quota system will also be paid a minimal price due to the effect of the tax.

Until a few years ago, the United States maintained a system of sugar quotas to protect its own industry, but with a minimal tax on sugar that fell under the quota.

In this way the quotas became a system of privileged prices for foreign suppliers who were granted quotas.

They were paid a price virtually equal to that paid to domestic North American producers, minus the small customs duty.

The Dominican sugar industry enjoyed a bonanza during this period.

Now the use of lower quotas and higher customs duties mean disaster for our country's sugar industry and other Caribbean producers.

On the other hand, if the United States sets up a quota system and eliminates high tariffs, it would effectively be restoring the situation that existed in previous years, when the traditional quota system was in effect--that is, when suppliers who were granted quotas could sell their sugar at prices almost as high as those paid North American producers, without paying virtually any tariffs.

This system would also keep domestic North American sugar prices at levels desired by U.S. Government officials.

At this time, highly restrictive quotas and steep customs duties would destroy the sugar industry in the Dominican Republic and other neighboring countries.

It would also effectively destroy the Caribbean Basin Initiative for these same countries. And it would destroy the CBI for the United States as well, since the Initiative would be reduced to impotency, to the status of an empty, mocking gesture.

Economy Compared to Falklands

Santo Domingo LISTIN DIARIO in Spanish 24 Apr 82 p 6

[Editorial]

[Text] Ambassador Yost's recently announced transfer and the appointment of a new U.S. diplomatic representative, coinciding as it does with the assumption of power by a brand new Dominican administration, has given some substance to speculation and analyses concerning relations between our country and the powerful republic of the North.

In political affairs, to be frank, it is a waste of rhetoric and prose trying to find novel aspects of the eventualities of new relations. Nothing, not even the ambiguous situation created by the Malvinas Islands problem, can be said to have substantially altered politics as usual.

It should surprise no one that Washington is occupied and preoccupied with the results of a set of elections that may indeed give a new turn to national politics here.

That explains why our northern neighbor can lend its support and resources, either openly or otherwise, to the group whose frame of reference and point of view is best adapted to and identified with the interests which the North American government perceives to be those of its people.

But there is nothing new in this. We know it so well we take it for granted. Behind these attitudes, nevertheless, lies "geopolitics," a force never yet conquered by history, as demonstrated today by the crisis boiling in the Malvinas.

The novelty, and for us it is a tragic novelty, in our political relations with the U.S., lies in the ever complex and thorny field of economics.

Here is where our sugar industry suffers mistreatment, a mistreatment that augurs bankruptcy for us. This is the marketplace where we are bought cheap and sold dear. This, too, is where we are caught up in a stifling inflation that renders every aspect of our lives more and more expensive.

From this field, the field of economics, emerges the so-called "Marshall Plan for the Caribbean," with 40 million dollars in aid payments to our country, accompanied by paternal advice to address ourselves to the Yankees' private sector to see what we can get out of it in the way of benefits.

Our "Malvinas," then, are in the field of economics, in the unfairness of the exchange rate, in the fact that even in the service of PL-480 we are relieved of profits that the affluent government lodged in the White House could well afford to pass up.

Yost may leave us with regret that he was not able to do what his personal sympathy, his social sensitivity, and his cordial sense of humanity told him was necessary.

But his departure, and the arrival of his replacement amid the pomp of martial airs, does not change our visible diplomatic relations. The departure of one and the arrival of the other find us all struggling in hand to hand combat to keep from falling into economic collapse.

9839

CSO: 3010/1510

ASSEMBLY SAYS DECREE 207 TEMPORARILY SUSPENDED

PA210421 Panama City ACAN in Spanish 0255 GMT 21 May 82

[Text] San Salvador, 20 May (ACAN)--The board of directors of the constituent assembly explained today that decree 207, which deals with the agrarian reform and which was issued by the civilian-military junta that ruled El Salvador until 2 May, has not been repealed but temporarily suspended.

Decree 207 granted tenant farmers the right to cultivate the lands they leased, even without the consent of the owners.

Roberto d'Aubuisson, constituent assembly president, said that the application of the decree has only been temporarily suspended during the production period for cotton, sugarcane, cereal crops and livestock activities.

"This means that the benefits of decree 207 will continue and that the people who took advantage of it are protected by decree 6, issued by the constituent assembly on 18 May," d'Aubuisson said.

Decree 6 of the constituent assembly establishes that "the tenant farmers of agricultural lands that are used to cultivate cotton, sugarcane, cereals and for livestock activities will not be subject to the system established by decree 207, beginning in this agricultural year and while the current cultivation period lasts."

Decree 207 explains that as of the date when it goes into effect, the rights acquired by its beneficiaries are recognized. But its application will be controlled through regulations to be drafted by the constituent assembly.

The constituent assembly board of directors guaranteed that the tenant farmers "will be fully guaranteed and protected" if, by the date when decree 6 goes into force, they have obtained their property titles from the national financial institution for agricultural lands [Financiera Nacional de Tierras Agrícolas--FINATA].

The constituent assembly also said that the tenant farmers who have presented their request for property titles to the FINATA and even those who requested it without having yet obtained a favorable resolution on their property titles will also be protected. The assembly confirmed to the press that the laws on Agrarian reform and on nationalization of the banks and foreign trade that were promulgated by the government junta in March 1980 remain in effect.

CSO: 3010/1647

NEW ADMINISTRATION DISSOLVES PETRHONSA

San Pedro Sula LA PRENSA in Spanish 17 Apr 82 p 3

[Text] Tegucigalpa--Last night the government decided to end its trusteeship contract with the Armed Forces Bank as well as taking action to dissolve the Mercantile Society, Petroleos de Honduras, Inc., (PETRHONSA).

The trusteeship contract was made on 16 November 1981 and it authorized the Military Bank the use of rights and resources derived from sales and purchase contracts underwritten by the governments of Mexico and Venezuela.

PETRHONSA would operate with a capital stock investment of 70 percent from the state's trust fund and 40 percent from private capital.

The Ministry of Economy will make the purchases of crude and reprocessed oil to be refined in this country through the Central Bank of Honduras based on a prior agreement that guarantees payment of matching letters of credit.

A news release, it was explained that "with specific instructions from the president of the republic, it affirms that the government will support, at any time, any management organization in which the private sector participates. In the specific case of PETRHONSA, it ceases to be functional for the purpose of directing resources towards areas of higher priority at this time."

The minister of economy, Gustavo Alfaro Zelaya, acknowledged that PETRHONSA needed not 1 million, but 43 million lempiras in order to pay for petroleum imports.

The decision taken by the government implies that "it would only pay lawyers' fees and the notary who prepared and certified the minutes that brought PETRHONSA into existence."

Alfaro Zelaya said in effect that Honduras is taking steps to get an extension of credit from 30 to 180 days in order to run it directly through the Ministry of Economy with open letters of credit by the Central Bank.

The minister says the Petroleum Marketing Office (OFICOPE) will automatically go out of existence since its present personnel will be reduced to two employees, due to the fact that the licensing formality does not require more bureaucracy.

9908

CSO: 3010/1447

ANGEL BONILLA DEFINES GOVERNMENT AGRICULTURAL POLICY

San Pedro Sula LA PRENSA in Spanish 17 Apr 82 p 3

[Text] Tegucigalpa--Yesterday the minister of natural resources, Miguel Angel Bonilla, explained the agricultural policy of the liberal government in an appearance last night on television.

In his detailed presentation he gave a breakdown of [the Department of] Natural Resources and its coordinated work with other agencies in the government.

Naturally, the success of those programs is linked to the restructuring of the administrative plan of that department which has been given on the basis of requirements of the president of the republic, Dr Roberto Suazo Cordova.

As a matter of fact, with regard to agrarian reform, the department head stated that he will give priority to the production of essential grains.

In that effort he will work closely with the National Agrarian Institute, the organized peasants and the independent farmers as key elements for advancing with this difficult task.

Agricultural plans will pay special attention to the livestock sector which includes cattle raising programs and better use of marine resources.

Pointing out an important fact, he said the policy aspires to seek the greatest balance among exportable goods and those for home consumption which are included in the agricultural sector.

In order to solidify actions regarding agrarian reform, the degree of land use will be reviewed jointly with the National Agrarian Institute and an integrated plan will be established which includes immediate actions tending to consolidate groups in the reformed sector.

He emphasized that these actions will be developed jointly with the National Federation of Farmers and Cattlemen of Honduras (FENAGH) and peasant organizations as a fundamental part of the problem.

Regarding incentives to the cattle raising industry, he gave details of a plan of close cooperation with businessmen in that field, including a phase of livestock experiments, exchange of technology, short- and medium-term financing, a program for hog raising, and other factors related to the achievement of this goal.

BRIEFS

COFFEE PRODUCTION DROP--Sources from the Honduran Coffee Institute, IHCAFE, confirmed that the loss in produce in the current crop will be some 50 million lempiras. But they indicated that the drop is not due solely and exclusively to the damage done to production by the coffee rust. On the contrary, they said that the loss is due to many factors, among which can be mentioned the quota assigned to our country, the fall in prices--this latter factor does not constitute a stimulus to exporters--and other causes. Later, they said it would not be until next year before damage done by the rust to the national coffee industry is really known inasmuch as the presence of the spore was not known officially in our country until the end of last year. The loss in coffee production at this time has risen 200 million kilos which, when related to the price of the product on the international market, could reach 50 million lempiras. Without doubt, these IHCAFE sources related, those millions of lempiras will not be returned to the country nor will the state get its corresponding export tax, which forecasts a tremendous blow to the national economy. [Text] [San Pedro Sula LA PRENSA in Spanish 5 Apr 82 p 4] 9908

ORDERS TO EVACUATE INDIAN LAND--Tegucigalpa--The president of ANACH (Honduran Peasants National Association), Antonio Julin Mendez, has instructed peasant communities occupying lands belonging to Indian tribes from Montana de la Flor, that they leave them at once. Mendez pointed out that at no time does his organization try to support irregularities at the settlements and, for the time being, it is everyone's job to respect the rights of the Indian tribes, who, under the new Constitution of the Republic, are on the fringes of their rights. As a deputy in the National Congress he strived to have Article 346 included by which Indian tribes are protected. The labor leader said they will defend the rights of the Indian tribes at all cost; nevertheless, on confirming that the peasants who are occupying the lands are the beneficiaries of agrarian reform, they shall continue to have the National Agrarian Institute (INA) look for areas in national lands where migrant families can be settled, now that the right to tribal land ought to be preserved because the constitution of the republic so orders. He said that there will be an in depth investigation into the matter and, as members, that the motives be made known by which they took over the lands, since ANACH up to now knows of no official report concerning the conflict. [Text] [San Pedro Sula LA PRENSA in Spanish 15 Apr 82 p 2] 9908

CSO: 3010/1447

PAN CANDIDATE ON ELECTORAL VIOLENCE

Mexico City EXCELSIOR in Spanish 4 May 82 pp 4-A, 24-A, 26-A

[From the "Political Fronts" column by Guillermo C. Zetina]

[Excerpt] Reform Deteriorates: PAN

This is not the first aggression against PAN [National Action Party] candidates, affirmed Javier Blanco Sanchez, aspirant PAN candidate for Seventeenth capital district deputy, who stated that bullets would not intimidate him and that there is danger that political reform "will end up in violence."

Blanco Sanchez was shot at the day before yesterday at a political meeting. He said that he holds no one responsible and added, "If this were a political attack, political reform will suffer a grave setback, especially when one considers that bullets are no longer a part of national politics."

A Venezuelan student, Gilberto Garcia, who attended Blanco Sanchez' meeting, was wounded. Garcia is the fiance of Rosamaria, daughter of the National Action Party candidate.

Meanwhile, the spokesman of PAN, Gonzalo Altamirano, denounced a campaign of erasing opposition slogans and pointed out that there have been confrontations in the provinces and now in the Federal District. He noted that last Saturday a PAN candidate for alternate deputy was assaulted here in the capital and in the state of Mexico "the police have characteristically been hostile to PAN supporters."

He added that in the Twenty-Fourth District Domingo de la Cruz was assaulted by capital police while protesting that a campaign slogan had been erased and that the agent of the Public Ministry refused to accept his complaint. He said that this occurred in Xochimilco Road and Division del Norte extension.

Blanco Sanchez requested a thorough investigation of the attempt against him. He said, "If what they want is to stop an electoral triumph with arms, they are very mistaken." Blanco said that Raul Zarate Machuca, DDF delegate in Alvaro Obregon "Is the protector of Dolores Carrasco and her husband who have taken advantage of the poor in this area through terror and injustice." He pointed out that his opponent in the Seventeenth District is Guillermo Davila Martinez,

of the PRI, who is a "prominent member of the truckers union." Near where Blanco Sanchez' meeting was held, was a PRI meeting. Altamirano Dimas pointed out that there is a danger that the campaign will degenerate into acts of violence if proper measures are not taken. He said that charges had already been made to the Federal Electoral Commission and added, "There are still people in Mexico who do not understand that the road to the democratic transformation of Mexico can be through peace and tranquility."

9928

CSO: 3010/1521

EDITORIAL ADVISES U.S. AMBASSADOR ON WORKERS ISSUE

Mexico City EXCELSIOR in Spanish 26 Apr 82 p 6-A

[Text] The U.S. ambassador to Mexico said in Los Angeles that Washington has absolute confidence in our economic future, for in the years ahead we can be a rich, powerful, prosperous nation. He believes that there will be no effect on relations between the two countries when our neighbor to the north today carries out the expulsion of undocumented residents--many of them Mexicans--who hold jobs needed by unemployed U.S. citizens.

It is impossible to maintain normal relations rich in cordiality and affection in the light of an event so harmful to our fellow citizens.

Regardless of the legal grounds motivating the government in Washington and the nation's state governments, massive expulsion of our undocumented countrymen reveals hostility, which is more inopportune than ever when Mexico is facing a financial crisis and is locked in an intense struggle to maintain its growth. It is not exactly friendly to throw out of the United States those who have made a personal effort at U.S. workplaces, suffering the lack of worker fellowship of countless collectors of unemployment benefits.

John Gavin is right to forecast a future of progress for our country. However, he should join his efforts and his humanist feelings with the constructive people in the United States who have spoken out against the massive firings and heartless persecution of workers who, while having no papers, have not lacked the ability and character to do hard, poorly paid work. They deserve the human consideration and political understanding being denied them.

9085

CSO: 3010/1595

PRI CANDIDATE ON UNDOCUMENTED WORKERS

Mexico City EL DIA in Spanish 16 Apr 82 p 7

[Text] Tijuana, Baja California del Norte, 15 April -- Describing some aspects of Mexico's foreign policy for the next 6 years, Miguel de la Madrid said that our country will maintain a respectful, cordial, friendly relationship with the United States, although, he noted, "we don't always agree on some issues."

Regarding the undocumented Mexicans who live in the neighboring country, the PRI [Institutional Revolutionary Party] candidate for the presidency called upon that country for full respect of the human rights and the labor rights of our fellow countrymen who are working there.

During a press conference he gave for foreign journalists yesterday afternoon in this city, at the end of the fifth high-priority tour regarding development of the northern border region, de la Madrid stated that the Mexican nation is interested in maintaining contact and cooperation with the U.S. Mexican community in the sphere of cultural affairs.

Concerning hydrocarbons, de la Madrid said that our country will continue its petroleum policy along the traditional path giving priority to Mexican self-sufficiency in energy. He said further that the fuel will continue to be the springboard for economic development and the chief energy source at least until the 20th [as published] century.

In the international sphere, Mexico supports the principle of self-determination for peoples, nonintervention in the internal affairs of other nations, peaceful resolution of conflicts, and systems of international solidarity and cooperation.

Concerning the question of what the United States' policy should be with respect to Latin America and the Central American region, the candidate said, "Of course, I'm not about to give advice to the American government, other than to reiterate the principles of international relations that the world has accepted in the United Nations and in international law."

9085

CSO: 3010/1595

'EL DIA' COMMENTS ON UNDOCUMENTED LABORERS IN U.S.

Mexico City EL DIA in Spanish 27 Apr 82 p 5

[Editorial: "With Documents or Without Them, Workers Are Creators of Wealth"]

[Text] For many years we have maintained that the basic solution to the pressures suffered by undocumented workers of Mexican origin who emigrate to the United States is expansion and improvement of labor policy in Mexico, which would create more opportunities for work that pays adequately and is valued by others.

However, to say only this while ignoring the specific problems affecting thousands of undocumented workers who emigrate to the United States in search of work that this country's economic structure is unable to provide them, constitutes political evasion and legal and social neglect.

It is a widely held view that while structural solutions can be found, it is essential to seek relief from and remedies for the abuses conceived and carried out cyclically and systematically by the most aggressive capitalist groups in the United States against workers from Mexico.

The position and decision announced by some U.S. Immigration and Naturalization Service officials, to the effect that they are prepared to conduct roundups and launch persecution of undocumented workers, is timeworn and appears with suspicious punctuality every time a pressure campaign is organized in Mexico. This campaign is well orchestrated by the country's employers, whose connections with foreign investors are a known fact.

Added to this openly political stance, which is nearly interventionist, if you look a little beyond appearances, is conduct reflecting the typically mercantilist point of view of some employers in the United States, as well as an exceptional capacity for violating and ignoring legal processes.

There is ample evidence that most American employers not only allow but abet and encourage hiring of undocumented workers when they have productive capacity requiring additional manpower.

There have been repeated denunciations in recent years of the complicity between employers' groups and traffickers in undocumented workers, who are engaged in a despicable business at the expense of human beings who need work and the means of subsistence.

In this way, the employers not only manage to sustain production at their farm, factory, etc., but they obtain cheaper labor than that provided by the native labor force. Also, however, in suspicious coincidence with certain moments in Mexico's domestic life, or when the need of workers declines, or when there is pressure within the United States, these same employers report the undocumented workers and call for their deportation, often in order to avoid paying adequate wages.

On this occasion, the roundups and persecution will coincide with the opening of discussion by the U.S. Senate Judiciary Committee's Subcommittee on Immigration of the bill known as the Simpson-Mazzoli bill, designed to reform the present immigration system. If approved, it will further limit the rights of immigrants to the United States.

The police measures announced are thus arising within a very broad context, one characterized by political pressure on Mexico, by internal conditions in the United States, and by an environment of social insensitivity, but especially by nonobservance of legal principles.

Within any half-civilized country there are laws that protect human and labor rights, laws based on the principle that a human being who goes to another country in search of work may not be persecuted as a criminal is, and much less may he be harassed on racist grounds.

It must be recalled that this type of roundup affects U.S. citizens who are harassed simply because of the color of their skin, as occurs with the Chicano community.

Some years ago, the International Labor Organization established, as international law, the provisions of the labor law concerning undocumented workers. With or without documents, they retain their capacity as workers; that is, as creators of social and economic wealth. In view of these facts, the task undertaken by the organizations of Mexican immigrants directly affected by the measures seems appropriate; and equally appropriate is the coordinated approach, with Mexican organizations able to take part right now.

No one should fail to recognize that this new attempt to implement practices and measures that are clearly unlawful, precisely at a critical time for our country, should be met with not only a competent, effective response by various officials and organizations but also with a long-term strategy. Entailing expanded job opportunities and objective settlement within national territory, it would prevent the country's being a victim of campaigns that tend to increase political pressure through the old expedient of accelerating and broadening social crises.

9085

CSO: 3010/1595

PAN'S MADERO ON BLAME FOR UNDOCUMENTED WORKERS PROBLEM

Mexico City EXCELSIOR in Spanish 28 Apr 82 pp 5-A, 26-A

[Article by Consuelo L. Avalos and Rafael Medina]

[Excerpt] Ensenada, Baja California, 27 April -- Pablo Emilio Madero, the PAN [National Action Party] candidate for the presidency, has stated that the problem of the undocumented workers is ours and not that of U.S. officials, who are only enforcing their laws when carrying out massive deportations. He said that as long as we continue cultivating crisis in the countryside, causing insecurity for the small landholder and ejido farmer, frightening away investment and harassing the small shopkeeper or firm with problems instead of encouragement, rather than finding a solution we are promoting the flight of our work force abroad.

However, Madero asked that our officials demand that the U.S. Government respect the rights of the illegal workers and not harm their dignity as human beings, although, he went on, we cannot prevent their enforcing their country's laws.

On his last day of campaigning in this state, the candidate asked for speedier negotiations with the United States concerning legalization of temporary residence for workers in that country and an end to abuses by minor officials and farmers exploiting the braceros.

He said, "We shouldn't complain or be surprised that a million unemployed workers are looking for work in the United States, if we're creating the problem with our lack of vision, to keep ourselves busy."

"We don't blame others for our sins. It's our problem, which we have to solve ourselves."

He stated that it is necessary to transform our social reality so that we will be able to absorb the labor of the people reaching working age and so that they do not have to emigrate from the country in search of job opportunities.

"It's possible," he went on, "to find a solution if we take the initiative and get organized, but for that to happen a comprehensive change is needed."

The PAN candidate stressed that the stepping up of deportations was ordered by U.S. officials only so that their laws would be observed and noted that just as we like our laws to be observed, we should respect those of other nations.

To Madero, the highest priority is that suitable conditions be created for every Mexican to have a job, but while that is taking place, we have to see to it that the undocumented workers are treated humanely, treated like worthy human beings, treated respectfully.

He said that the best way of achieving that would be to find a mechanism for instituting contracting or providing temporary documentation for those going to the United States in search of work. In this way, the U.S. Government would be sure of having control over those people, and at the same time the workers would be protected from abuse and harassment.

In a press conference in the border city of Tijuana, shortly before beginning a tour to Ensenada and various communities in this state, Madero denied that PAN is pro-Yankee, as many people characterize it. He said, "We aren't pro-United States. On the contrary, we've fought to maintain the Mexican people's identity. Proof of that is our opposition to the water treaty."

The PAN candidate said that there are others, such as Miguel de la Madrid, who could indeed be called pro-United States. "You have the visit to our country by Alexander Haig, the U.S. secretary of state, to talk to the PRI [Institutional Revolutionary Party] candidate for president." "This," he noted, "is proof of interference by the United States in our country's internal affairs."

9085

CSO: 3010/1595

SILVIA HERNANDEZ ON POSSIBLE MULTIPARTY SENATE

Mexico City EXCELSIOR in Spanish 21 Apr 82 pp 4-A, 24-A, 26-A

[From the "Political Fronts" column by G. Canton Zetina]

[Excerpts] For the first time in Mexican history balloting will end by 7 pm instead of the usual 6 pm in the 4 July national elections, and it is also possible that the number of voting booths will be substantially increased, all to make voting more accessible to the average citizen.

Last December, President Lopez Portillo sent a reform bill to congress requesting longer balloting hours which was approved by a majority in congress.

Another bill proposes increasing considerably the number of voting booths. During the last national election more than 40,000 were set up around the country; this was one way to prevent abstention. In those elections, as will be recalled, of the 26 million citizens registered to vote, about 16.5 million voted for the PRI presidential candidate, Jose Lopez Portillo, while 8 percent of the votes were annulled because of deficiencies. The opposition parties other than the PRI gave Lopez Portillo almost a million votes.

Also to facilitate the vote, PRI is thinking about asking the National Electoral Registry to close registration on the last day of May, not on 30 April as the law provides. This petition would not be new since the period has been prolonged in past elections.

There are some things unknown to the general public which nevertheless are being carefully analyzed by electoral authorities and party leaders. For example, on Sunday, 2 July [as published--should be 4 July] two semifinal games of World Cup Football from Spain will be televised and this might make many Mexicans want to stay home rather than go to the polls. A proposed solution to this problem is that one of the games--they last 2 hours each--be postponed to the evening in order not to affect the electoral process.

A Pluralist Senate in 6 Years: PRI

During this 6-year period, or no later than in the next 6 years, "there may be a multiparty senate," and it is also possible to have extraordinary elections in case the next legislature decides to immediately incorporate senators from other political parties, Silvia Hernandez, secretary of the CEN Organization of PRI stated in Queretaro.

"This is already being discussed within my party," stated the senatorial candidate. She added that PRI would do this in view of its zealous efforts in recognizing minorities, and this wouldn't mean giving an electoral subsidy to the opposition either."

She said the next step for political reform is to open the doors of the senate to the opposition. "This is inevitable; it's coming," she assured.

She added that the PRI proposal stems from its democratic orientation, which is proved by its backing of the bill which has permitted the presence of minority and coalition deputies in the National Congress and in local congresses, as well as councilmen of minority parties in many of the country's local councils.

Silvia Hernandez also said that there is some sentiment for modifying the dual representation system for each federal entity and establishing a system of representation from three to four senators for each state, from which one or more would come from other parties. There are others who press for establishing a proportional representational system in accordance with the population of each entity. "Personally, I oppose this proposition because it would eliminate the sense of federal balance which safeguards the position of today's senate. This does not mean giving excessive power to political minorities but letting society develop truly representational forces."

Almost All of Them

"To accept pluralism within the Senate Chamber will weaken the Federal Pact," the senator from Guanajuato, Euquerio Guerrero, proclaimed yesterday, explaining that the Senate Chamber represents federal entities, not ideologies. This opinion is in opposition to Silvia Hernandez, but this happens in the best of families.

9928

CSO: 3010/1521

DELTA INDUSTRIAL GROUP OFFICIALS DETAINED FOR FISCAL FRAUD

Mexico City EXCELSIOR in Spanish 4 May 82 pp 5-A, 31-A

[Article by Manuel Campos Diaz y Sanchez]

[Text] Agents from the office of the Attorney General of the Republic arrested all members of the so-called Delta Industrial Group's board of directors under a charge of fiscal fraud for the amount of 223,099,369 pesos which were subsequently converted into \$45 million and deposited in the following banks, Swix Polkvanka and Union Bank Curthland, of Zurich, Switzerland, and the Texas Commerce Bank in the United States.

The members of the board of directors from Delta Industrial Group, S.A. arrested by Federal Judicial Police agents are: Ricardo Garcia Beltran, president; Ricardo Garcia Portugal, vice president; Lorenzo Garcia Beltran, secretary; Guillermo Rodriguez Galicia, ordinary member and general manager; and Jose Hidalgo Ramirez, comptroller.

The Office of the Federal Fiscal Prosecutor (PFF) charged that in an audit it discovered that the abovementioned group signed a contract in 1978 with an American firm, Crawford Dis, Inc., for sale of machinery to Mexican Petroleum and that Delta received as profits from such contracts 7 percent of gross, which profits were not recorded and did not appear in the firm's books. A system of double bookkeeping was discovered under which these profits were deposited in banks other than those normally used by the company.

The PFF in its denunciation also alleges that the Delta Group's operations as commercial agents amounted to \$647 million. It has been determined, as of now, that the amount of the fraud is more than \$45 million. Other transactions made with American companies are yet to be investigated.

Yesterday, Mr Fernando Cobian T., an agent from the Federal Public Ministry, remanded those arrested to the 9th District Judge in Penal Matters, charged with fiscal fraud in the amount of 223,099,369.97 pesos.

9928

CSO: 3010/1521

CTM'S VELAZQUEZ ON HARM FROM U.S. DEPORTATIONS

Mexico City EXCELSIOR in Spanish 27 Apr 82 pp 1-A, 15-A

[Article by Aurelio Ramos M]

[Excerpt] "Operation Jobs," which the U.S. Government launched yesterday with with massive roundups and deportations of Mexican workers, "will aggravate the problem of unemployment in Mexico and will further harm the country's economy," Fidel Velazquez, head of the Confederation of Mexican Workers (CTM), warned yesterday.

Moreover, he confirmed that the Labor Congress is discussing taking "drastic measures" to halt the increase in prices. He asserted that the 40-hour work week "can be instituted at any time," and he said that the government contribution of 1 percent of a worker's wages "will not begin right now, but perhaps after September."

Velazquez spoke with reporters in his office, commenting on the most recent assault against undocumented workers in the United States. "Of course, the labor movement will vigorously protest that measure, which is going to worsen the situation not only for undocumented residents but also for those who are legally entitled to live in that country."

He emphasized, "If those workers--Mexican citizens--are fired and find no way of living in the United States, they'll have to return to this country. And if they return en masse, it could further aggravate the problem of unemployment and harm the country's economy more."

As a result, the official went on, the labor sector will support any action that the Mexican Government decides to take in response to the U.S. measure.

9085

CSO: 3010/1595

SPANISH AID SINCE 1979 TOTALS 3 MILLION DOLLARS

Managua LA PRENSA in Spanish 21 Apr 82 p 12

[Text] Spain has given \$3 million to Nicaragua so far this year, disclosed Spanish Ambassador Mariano Baselga y Mantecon during a reception held in his honor by Minister of Construction Moises Hassan.

The event took place at MICONS [the Ministry of Construction], with the presence of Spanish Embassy adviser Mr Eduardo de Quesada and Minister of Foreign Affairs Miriam de Perdomo, as well as officials from the embassy and from MICONS.

This tribute to Ambassador Baselga y Mantecon was on the occasion of the arrival of \$3 million in automobile spare parts for Spanish vehicles used by the Nicaraguan Government, which have been paralyzed for some time due to a lack of spare parts.

Hassan extolled the great work that Baselga y Mantecon has carried out for Nicaragua, adding that thanks to the Spanish ambassador's good offices, MICONS will soon have a fleet of repaired vehicles.

Baselga y Mantecon thanked the assembly and stressed the friendship between Nicaragua and Spain, pointing out that it has been very useful for carrying out his mission. "We have done a very good thing in confirming this friendship between both countries," he stated.

Baselga y Mantecon explained that this aid has three aspects, which are: material and unselfish aid; technical aid in the reconstruction of the lot of damaged equipment, which forms the framework to guarantee this equipment in the future; and the financing sector with opportunities for credits and payments that Spain is offering to Nicaragua, giving the latter loans and easy payments.

Spain's Aid to Nicaragua

Spain's aid to Nicaragua from July 1979 has been characterized by its considerable degree of quantitative concentration during the first months of reconstruction after the war had ended.

This aid also had been channeled in the form of unconditional grants much more than through loans or credits or programs of technical cooperation, which has been the form frequently used by other countries in aiding Nicaragua.

Aid during 1979 consisted of food, sanitation, transportation and other shipments and expenditures assessed at 810,501,144 pesetas.

The volume of grants in cash and in kind lent by Spain to Nicaragua in 1979 takes first place out of 30 countries, more than the EEC, and only the contributions from Mexico and Panama, countries that have lent tremendous support to the revolution economically, politically and militarily, approaches the aid from Spain.

In November 1981 the CESCE [Central American Socioeconomic Community] approved the covering of three lines of credit granted to the Central Bank of Nicaragua by the Banco Exterior of Spain, whose breakdown is the following:

1) Purchasing credit for 1 billion pesetas for equipment with payment periods of 5, 7 and 8 years; 2) A credit of 1 billion pesetas to finance the purchase of iron and steel products and spare parts not connected with equipment; with a maximum payment period of 3 years; 3) A credit of 500 million pesetas to finance consumer goods with a maximum payment period of 1 year.

Also through an agreement with the Ministry of Finance, a credit was authorized for 95 million pesetas for the general budgets of the fiscal year. (This amount had been approved in 1980 as a grant to Nicaragua to acquire equipment and spare parts, including freight, to put into operation and go ahead with repairing in the so-called "Spanish package"). A large part of this fund has been used providing spare parts for ENASA and Motor Iberica.

According to an evaluation by International Economic Relations, the Institute for Iberoamerican Cooperation donated to Nicaragua 3 million pesetas in freight and merchandise alone.

To this also could be added the grant of a considerable remittance of the capital owed by Nicaragua in the renegotiation of the debt in the "Spanish package," besides the facilities offered in the payment period of the reimbursement of capital and interest for same.

Spain also paid the freight for the Spanish-Austrian food aid to Nicaragua, donations to libraries, churches and schools and monetary contributions to the Nicaraguan Red Cross and to Caritas.

Spain has also granted scholarships and monetary contributions to the Zaragoza Crafts workshop, as well as work equipment, and periodically assists them with cash.

In the field of technical assistance, Spain has provided 14 literacy experts to the residual adult education campaign, an expert from ICONA, technical assistance to INEC [Nicaraguan Institute of Statistics and Census] and to Customs.

To the Ministry of Labor Spain has provided two experts and technical assistance in computers and television.

In 1982 Spain has gone ahead to deliver spare parts for machinery and automobiles, a donation of a thousand books and toys, as well as 2,000 tons of wheat, plus the \$3 million in spare parts to MICONS that have just arrived.

Regarding the total of donations in the 3 years recorded, Spain is in sixth place out of a total of 30 countries listed.

9545

CSO: 3010/1563

OFFICIALS DISCUSS LOSSES FROM HEAVY RAINS

PA300317 Managua Domestic Service Spanish 0000 GMT 28 May 82

[Excerpts] After a 4-day inspection visit to the Western part of the country, Daniel Ortega, commander of the revolution and coordinator of the junta of the government of national reconstruction, returned to Managua this afternoon. The revolutionary government delegation, which also includes companero Rodrigo Reyes, secretary of the junta, toured the areas of Chinandega, Corinto, El Viejo, El Ingenio San Antonio, Villanueva, Somotillo, Guasaule, and la Leona and (Cenizas) bridges.

So far, these are 10,560 flood victims in Chinandega. Victims in some of the affected areas in that department have not yet been counted. A total of 27 bridges are completely useless. They have been either destroyed or washed away by the waters. Nineteen people have been reported killed and it has been reported that the Chinandega hospital is sinking because its foundations have been washed away. As a result of this, 180 hospital patients have had to be evacuated.

Agricultural losses have been heavy. It is believed that 30 percent of the basic grain crop has been affected by the heavy rains, which are pounding the country. This was announced today during a news conference by Jaime Wheelock Roman, commander of the revolution and minister of agricultural development, who emphasized that all agricultural activities have come to a halt, which will have an effect on the preparation of fields and on productivity.

Wheelock indicated that the departments that are devoted to agriculture have been most seriously affected. He said that 3,500 Manzanas of corn have been damaged and 300 Manzanas that had been planted with vegetables were totally destroyed, as were 60 percent of the banana crop for export.

Regarding the cotton crop, Wheelock said that fields that had been prepared for top quality cotton in Leon and Chinandega have been seriously damaged, with losses estimated at 90 percent. Therefore, the minister said, the second cotton crop will be smaller than the first. He said that proposed goals will not be reached, because there will not be enough time to prepare new fields. Regarding sugar production, the minister said that the Julio Buitrago and German Pomares sugar mills will not produce 100,000 quintals of that product because the grinding process, which was already underway, has been stopped.

CSO: 3010/1646

TINOCO SCORES U.S. SUPPORT FOR UK AT OAS

PA282150 Managua Domestic Service in Spanish 1800 GMT 28 May 82

[Text] Washington--Members of the consultative organ of the Inter-American Reciprocal Assistance Treaty, TIAR, are meeting at OAS headquarters in Washington to analyze future steps in view of the attack against Argentina by the United Kingdom with the support of the United States. Present at the meeting are the foreign ministers of Argentina, Bolivia, Guatemala, Panama, Paraguay, Peru, Trinidad-Tobago, Uruguay, and Venezuela, as well as U.S. Secretary of State Alexander Haig and Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco. Also attending are special representatives from the other TIAR member countries.

Here is the speech delivered by the Nicaraguan representative directly from the Voice of the OAS in Washington:

[Begin relay] The strongest attack against the U.S. stand in the South Atlantic crisis--at the consultative meeting of Latin American foreign ministers being held at the OAS Headquarters in Washington--was made by the Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco:

[Begin Tinoco recording] The U.S. administration acted as mediator and was apparently impartial but the only thing it achieved was to give the United Kingdom more time. However, when British intransigency caused the disruption of negotiations, the United States, adopting an attitude of true imperialistic arrogance, revealed its true face, its real interests and its innermost feelings. Violating the spirit and letter of TIAR did not matter then; the United States sided with the United Kingdom. U.S. aggression went further, when it adopted measures against the sister country of Argentina which, along with the United States, is part of TIAR as we previously mentioned.

In this respect, we recall a statement made by U.S. Secretary of State Haig which appeared in the media yesterday and the day before. The triumphal tone of his words makes us understand how the present U.S. administration is abetting the British attitude regarding this conflict.

In his statement, Secretary of State Haig shows the same attitude of presumed triumph in a very short time, as the one shown by the U.K. Defense Ministry's spokesman. This makes us aware of the close and daily contacts between the two governments.

The two officials' use of the same intimidating psychological techniques makes any common citizen with access to the news aware the two governments have a common strategy.

For that reason and because the United States has already pledged to supply missiles, arms and other materiel to the United Kingdom, we consider and term the Reagan administration as coresponsible for all the deaths that have occurred and will continue to occur during this conflict, as well as for all other material, economic and other such damages which may ensue. [End recording]

This has been Victor Hugo Tinoco, deputy minister of foreign affairs of the Republic of Nicaragua, speaking on the crisis in the South Atlantic Ocean at the consultative meeting of American foreign ministers.

From the voice of OAS in Washington, this has been (Ivan Silva Acuna). [End relay]

CSO: 3010/1646

BCR GIVES GDP, INFLATION, FOREIGN RESERVES, OTHER FIGURES

GDP, Inflation Figures

Lima EL COMERCIO in Spanish 13 Apr 82 p A-13

[Text] A new study of the economy, put out by the Central Reserve Bank (BCR) in March of this year, confirms that the Gross Domestic Product (GDP) grew by 3.9 percent. However, the National Institute of Planning arrived at a GDP growth rate of 4.2 percent.

The most dynamic sectors, according to that publication, were agriculture, construction and services, "which represents an improvement in the income of the poorest groups, particularly in the rural population, which makes up 40 percent of the labor force."

In its analysis of the performance of the Peruvian economy in 1981, the BCR indicates that the contraction of export activities, especially in mining and fishing, slowed down the growth of the raw materials processing industry, and led to a slump in overall production. Excluding export activities, production for the domestic market grew by 6 percent, revealing a significant economic recovery, says the report.

Continuing with its analysis, later on the document states that during the fourth quarter, the GDP grew by 4 percent, with the most noteworthy recovery being in the mining, fishing and manufacturing sectors, in contrast to a lower level of agricultural production (the latter being due partly to earlier harvests). The spur to mining was due principally to the decline in labor conflicts, while fishing benefited from more flexible catch limits. The dynamism of these sectors helped industrial production to recover.

Inflation

As for inflation, in December 1981 it was 73 percent; this figure includes the "release" of prices that took place during the first quarter of the year. Since then, inflation has dropped to 56 percent during the first 11 months of the stabilization period.

According to the BCR, the liquidity control measures and greater financial savings have influenced this decline, as have higher domestic production,

especially in foods, and the climate of competitiveness generated by the opening up of trade.

Despite the cut in inflation, limitations have been imposed by the necessary readjustments in controlled prices, including the exchange rate, by the absence of an agreement on prices and wages, and by the delay in lowering expectations.

It can be inferred, says the BCR, that the income of the rural population has improved significantly with the recovery of agriculture. Evidence of a similar recuperation can be seen in the income of independents, who have continued to recover in recent months.

Wages

The average wage in Metropolitan Lima held firm in real terms during 1981. For those subject to collective bargaining agreements, on the average there was a certain drop in real salaries, while wages maintained their buying power.

Money Supply

Lima EL COMERCIO in Spanish 13 Apr 82 p A-13

[Text] The money supply experienced a normal growth rate of 80 percent during the year, implying an expansion of 4 percent in real terms. This is similar to the growth of the GDP, claims the Central Reserve Bank in the Economic Report it published recently.

The Bank states that internal credit also proved to be very dynamic, especially in terms of credit for productive activities. Real credit to the private sector grew by 12 percent during the year, providing support for the economic reactivation process.

The report says that the interest rate policy led to an increase of 34 percent in financial savings in 1981, and a 10-point jump in the share of quasi-money in the total amount of liquidity in soles. This component, being the most sluggish, led to a slow-down in the circulation of liquid funds.

The Central Reserve Bank says that the monetary program for 1982 is designed to prevent a greater loss of reserves. It concentrates its credit support on export activities, and does not contemplate any financing of the public sector by the BCR.

Public Finances

As for public finances, the BCR states that the non-financial deficit of the public sector grew in 1981 to the equivalent of 7.8 percent of the GDP, mainly because of a 2.6-point drop in the revenues of the Central Government without any reduction in spending. The operations of the rest of the public sector improved their results over 1980's, but they still showed a deficit equal to 2.9 percent of the GDP.

The drop in government revenues is related to the depressed situation of the export sector, mainly as a result of the drop in the prices of exported goods and the greater incidence of strikes in the mining sector. Another factor influencing revenues was the adjustment of the price of fuel, which was less than had been budgeted.

Foreign Reserves

Lima EL COMERCIO in Spanish 13 May 82 p A-17

[Text] The net foreign reserves of the Central Reserve Bank continue to shrink. As of last 5 May, the last date for which the BCR has figures, there was \$713 million in foreign reserves, but only \$636 million was immediately available to meet foreign currency needs. During the past 4 months and 1 week, \$90 million in reserves has been lost as a result of lower income from raw materials exports whose prices have dropped on the world markets, and increases in the service of the foreign debt. Weekly Note No. 13 of the Central Bank, in a new chart that it has begun including, shows different aspects of international liquidity. According to that chart, net reserves will drop further from \$713 million to \$587 million, after \$126 million in foreign obligations of the Central Bank is deducted. This means that the real amount of BCR foreign reserves is \$587 million. This amount is the result of deducting from the total liquidity of \$1.369 billion, a total of \$782 million, comprised of gold and silver reserves; obligations to the International Monetary Fund, the Latin American Integration Association and other organizations; and the BCR's foreign obligations. The same chart presents the situation of the Central Bank's Statement of Foreign-Exchange Assets and Liabilities, which was a negative \$268 million as of 5 May. This Statement, according to the BCR publication, also deducts obligations to residents of the country, estimated at \$855 million. A third factor reported by the BCR, in addition to reserves and foreign-exchange assets and liabilities, is that of availability; as of the above-mentioned date, that figure was \$636 million. This factor is obtained by deducting from the total liquidity of \$1.369 billion all assets in gold and silver, and subscriptions to international organizations whose liquidity is considered of the last instance. "Availability," then, refers to foreign currency held in demand and time deposits. Considering the latter concept, and according to our average monthly expenditures, the country would have enough for 2 months of imports; this figure is close to an acceptable amount. The Central Bank's net foreign reserves reached a peak of \$1.482 billion in December 1980, after a rather difficult period the previous 2 years. The situation began to improve during the last quarter of 1979, after the refinancing of the foreign debt, the improvement of international prices and the encouragement of non-traditional exports. Thus, the reserves grew throughout 1980 until they reached the record level of \$1.482 billion. From then on they went downhill, losing \$208 million in the first quarter of 1981; \$367 million in the second quarter; \$119 million in the third quarter; and finally gaining \$15 million in the last quarter.

8926

CSO: 3010/1603

TAX EXEMPTIONS FOR COMPANIES IN BORDER, JUNGLE AREAS

Lima EL COMERCIO in Spanish 15 May 82 p A-4

[Text] The General Bill on Industries contains complete tax-exempt status for firms that set up operations in the border and jungle areas. The approval of this bill by the homologous committee was explained yesterday by the chairman of that committee, Marco Antonio Garrido Malo (Popular Christian Party), in the Senate.

In his documented 1-hour speech, the representative of the Popular Christian Party (PPC) contended that the bill will provide guarantees and stability for investors, and "opens the doors" for industrial development in the country by creating "exemptions and incentives" for such development.

He stressed that this law "will set aside the idea of the state as management, to make it a promoter, a guide."

He stated that the industrial legislation sponsored by the first phase of the former military government was characterized by a "state-control, central planning orientation, and led to excess protectionism as manifested in a ban on imports of any goods also produced in this country, regardless of quality, price or ability to satisfy consumer demand."

He explained that an industrial structure was designed in which the state had an overwhelming influence. It reserved for itself many activities "which it did not develop, and did not allow private investors to develop."

Decentralizing Spirit

He said that now the bill drafted by his committee responds to the constitutional mandate with respect to the principles of the economic system upon which the republic is based. This system, he said, considers labor (that is, man) to be the principal source of wealth; it considers the state to be a promoter of economic and social development.

Garrido Malo indicated that all this is consonant with the "decentralizing spirit" of the Constitution; thus, the promotion of industrial activity outside the capital is emphasized as a means for the social and cultural integration of the country.

Protection

He indicated that the bill contains standards for protecting industry against unfair competition of various shapes and forms; it does not allow any exceptions, even for the state if the latter decides to act as an entrepreneur.

The bill also establishes "standards for consumer protection, so that industrial products will reach the public under optimum conditions of quality, timeliness and quantity," he said.

He pointed out that the bill sets forth guidelines for the tariff protection policy to be implemented by the pertinent administrative agencies, creating a technical advisory organ called CONAPA.

"Import duties will not be waived for products similar to national ones," he said.

Incentives

"This bill," indicated Garrido Malo, "creates great incentives and exemptions for light industry, in view of the fact that this kind of industry is most suited to the national economy, and because it has the greatest capacity to obtain manpower."

A Special Bill for Industrial Parks was also drafted; it is designed to create and bolster the infrastructure required for the installation of industry in the provinces.

The senator also stated that a special bill for artisans should be promulgated. He said that this bill extends the Export Certificate (CERTEX) program for 10 years and provides incentives for non-traditional exports in order to break down barriers and frontiers, to "aggressively penetrate other markets."

As for the automotive industry, the PPC representative pointed out that new models are authorized that must contain at least 20 percent nationally-produced components.

The debate on the bill began in the presence of Minister of Industry, Tourism and Integration Roberto Persivale Serrano, who stated that the document is "a contribution which will be of great benefit to the country." Also participating in the debate were Nicanor Mujica of the Aprista Party of Peru (PAP) and Edmundo Murrugarra of the Popular Democratic Union (UDP).

The Aprista representative stated that the participation of workers, as well as artisans and free-trade zones, all should be covered by special laws.

He stressed that if we really think the problem of production and unemployment can be solved for the development of industry, the state should make an

effort to create the infrastructure required for the installation of industry in various parts of the country.

Murrugarra, in turn, stated that the process of industrialization should be linked to the recovery of agriculture, "so that we will not have an industry with feet of clay," he said.

Title I

Title I of the bill states that the principal objective is to promote the even distribution and expansion of wealth on the basis of labor, investment, production and productivity in the manufacturing industry.

The legislation stimulates the productivity of labor and of capital, as well as the full utilization of these resources; it guarantees competition in the production and sale of manufactured goods, respect for established technical standards, and rigorous consumer protection.

It also protects national industry from foreign competition by limiting the importation of similar goods that might compete with national ones; it promotes the creation and expansion of the infrastructure necessary for the installation of industrial firms.

It gives preference to the development of light industry and artisan activities; it strengthens the relations of labor and capital in industry; it guarantees the legal stability of business firms, and orients industrial development toward an effective integration, principally with the Andean Group and Latin America as a whole, among others.

8926

CSO: 3010/1603

RIO TREATY, LATIN AMERICAN REACTION TO FALKLANDS CRISIS VIEWED

Caracas EL NACIONAL in Spanish 26 Apr 82 p D-4

[Article by Jesus Sanoja Hernandez: "Gloomy Monday: TIAR Plays Its Last Card"]

[Text] History is not linear, nor do the personalities destined to participate in the making of it have but one face. History is full of contradictions, just as stellar figures sometimes, or almost always, perform with conflicting passions.

Only yesterday, England in coalition with France faced the Suez crisis, so movingly described by Garcia Marquez from Europe. Then Nasser rose as a national hero who regained Egypt's rights in the face of the rapacity of the former masters of Africa and the Middle East. However, Nasser, who received support from the USSR and the Egyptian communists, did not stop pursuing them.

Galtieri is repressing his people, like his military predecessors. But in a situation more inevitable than unfortunate, he has catalyzed the Argentine "national spirit." Nine years ago Abel Dimant wrote about the reappraisal of the tyrant Rosas and noted that one of his outstanding achievements was the fact that he opposed France and Great Britain and for 5 years resisted the blockade by their fleets.

Birth and Transformation of the United Nations

Withdrawing from the dangerous game of comparing personalities, let us say that the two world wars produced different consequences as far as relations between metropolis and periphery, the center of the empire and the colonies or new colonies, are concerned. During the years that followed World War I, the world was redivided among the big powers and Great Britain grew even more as a colonial power. Quite the opposite, right after the second postwar period a process of decolonization began which hit London harder than anyone else.

The war was scarcely over when on 24 October 1945 the United Nations was officially constituted with the 51 countries that then represented world political reality in attendance. But, like a company of squatters who at the last moment demanded their independence, the process of decolonization introduced over a hundred new countries so that the balance of power within the international

organization shifted and so the Big Five Powers of the time retained their veto right in the Security Council.

Thus the United Nations did not suffer the misfortune of the League of Nations, an overblown issuer of memorandums that was incapable of containing Nazi and fascist aggression. The United Nations received sustenance from recently created nations (fortress of the Third World): from Ivory Coast (1960) to Burundi (1962), from Lesotho (1966) to Butan (1971) and, to gravitate to the continent of the TIAR [Inter-American Reciprocal Assistance Treaty], from Jamaica (1962) to Barbados (1966) via Guyana (1966) and many other countries of the former British Federation.

The Third World and the Security Council

Included in the Security Council are 10 selective, or nonpermanent, representatives who for the 2-year period 1981-1982 were from industrialized countries like Japan, Spain, the German Democratic Republic and Ireland, but also from the Third World, like Uganda, the Philippines, Panama, Niger, Tunisia and the very special position occupied by Mexico. We already know how only Panama aligned itself alongside Argentina on the Security Council resolution while Ireland (of course), Spain and Japan, with their deep-seated ties with the empire, voted against it.

To what extent this heterogeneity of interests, in which for inexplicable reasons some ex-colonies often vote on the side of the empire, as the English-speaking Antillean countries would almost certainly do in the event of a Venezuela-Guyana dispute, influences the situation is something that remains outside the discussion. This argument was rightly wielded by Lara Pena in 1970 in criticizing the Port-of-Spain Agreement since, in the face of the reasoning employed by Calderista diplomacy to the effect that the Caribbean would have to freeze over before an opening could simultaneously be achieved in the Caribbean, the expert on coterminous disputes adduced that, while there were already "little blacks" or files on decolonization for 1982 in the Security Council and in the United Nations, there would be many more and with even more influence. In connection with this, numbers are absolutely right.

The OAS and Cuba, Nicaragua and Panama

In the OAS, a postwar initiative during the period of the outbreak of the cold war (1947), changes were also produced. In the first place, one of the signatory members of the TIAR and the Bogota Charter — and one that until 1958 was among the most solid bulwarks of U.S. hemispheric policy — is today out of it: Cuba. Secondly, Nicaragua, which in the Malvinas test has wisely remained silent or sparing in its comments, is going through a process that explains its discretion: A month before it had been reported that Argentine soldiers were involved in an operation against this nation and at the very moment things were coming to a head there was talk of an American ship off its coastline, hardly a month after NATO operations in the Caribbean.

Third, Panama is not the same as it was yesterday. Torrijos, adventurer or leader, transformed relations with the United States and, therefore, the

approach to some Latin American problems like those having to do with the nation and sovereignty. Were it not for the fact that there was the precedent of the outbreak of violent anti-Yankee incidents in 1964 which resulted in an accusation leveled at the United States ("acts of aggression") and a meeting of the advisory body, the germ of the current condemnation of England is to be found in the 1978 treaties.

Mexican and Peronist Diplomacy

Although they have different characteristics, these three countries are removed from U.S. continental policy. But there are two others which precisely since 1945, and almost always with opposing motions, have constantly differed with the diplomacy of Acheson, Marshall, Foster Dulles, Herter, Rusk and Kissinger. They are Mexico and, by chance, Argentina.

Based on the principle of nonintervention and solidarity with the peoples of the world, Mexican diplomacy was forged before the OAS came into being, sometimes with an anti-American tinge and an independent view of the pan-American bloc movement. Mexico recognized the Spanish Republican Government as the country's legitimate government even decades after it was overthrown, refused to break with Cuba during the anxious, critical moments of the 1960's and maintained an intermediate but firm position at the 10th Conference in Caracas when they were preparing to invade Guatemala. Dulles' anticommunist stance and the subsequent resolution did not receive a Mexican affirmative vote because the way they were worded favored intervention.

On that same occasion, although it seems odd — Peron was still in power — Argentina joined Guatemala and Bolivia, then going through the MNR [National Revolutionary Movement] "revolutionary period," commanded by Paz Estenssoro, in asking for priority for the "area's economic problems," which represented a harsh blow to Foster Dulles' diplomacy. There is more: Argentina proposed a resolution to liquidate colonialism in the hemisphere, which relied on Latin American support but resistance from the United States, perhaps because it would touch on the problem of Puerto Rico. Argentina's perhaps was then the Malvinas.

Argentina Objected to the TIAR

It is worthwhile pausing to examine the role of the TIAR, which was involved in the confrontation with the extracontinental power in terms of the attitude of Argentina, which since World War II has with the exception of brief intervals been marked by the domination of the military caste.

We should not forget that Argentina delayed in joining in the action against Hitler Germany and that it was accused of welcoming prominent Nazi personages under Peron's rule. In its inter-American relations, however, it was to outline a nationalist policy that might reunite (some remarked in a demagogic way, to acquire geopolitical influence) the peoples of Latin America and forge the Great Fatherland.

Argentina did not swallow the TIAR just any old way. The summons to appear in Rio de Janeiro counted on the presence of Marshall, the secretary of state

who succeeded Byrnes, of Carlos Morales, our minister of foreign affairs during the revolutionary junta era (also in the delegation were those who were to be part of the dictatorship, Aureliano Otanez and Betancourt, Dr Falcon Briceno), and of Juan Atilo Bramuglia. The latter supported the position against the United States that one had to distinguish between "American and non-American" aggressors so as to resolve inter-American disputes peacefully and respond to extracontinental aggression with collective sanctions. Although he had Venezuelan support, Bramuglia failed and the United States imposed its position which would serve to domesticate even more the animals in the back yard by means of a wall and impenetrable Monroe Doctrine diplomacy.

The Inter-American Military Committee That Failed

But Peron disappeared from the Argentine scene for almost 20 years and his plan for a vast third-force movement got no farther than the paper it was written on, although it was picked up and expanded by the Nonaligned Countries Movement, politically distant, or equidistant, from the poles of world power. Thus the 1977 conference was to be held under the chairmanship of Fidel Castro.

To secure the military oligarchy, in the 1960's Argentina tried to stamp the OAS with a cast that was not only anticommunist, but defensive, through armed coordination with a permanent organization. Not in agreement with the Inter-American Office of Defense, he proposed a new security system.

At the Third Special Inter-American Conference (February 1967), he surprised everyone with the proposal for a standing inter-American military committee that would serve to parry the challenge of the Havana Tricontinental Conference in 1966, so strongly contested by Luis Esteban Rey of LA REPUBLICA. That initiative was opposed by Mexico, the country of militant impartiality, Chile, headed by Frei, Uruguay, as yet without the military solution of 1973, Colombia, under Lleras Restrepo's liberal movement, Peru, led by Belaunde Terry, Guatemala and finally Leoni's Venezuela, which through Irribarren Borges' mouth maintained that it neither supported the creation of an inter-American force nor the strengthening of the Inter-American Defense Council.

The Guyanese Strategy... and the Empire?

Curiously, at this meeting it was agreed to include as a member of the OAS Trinidad-Tobago, whose leader, Eric Williams, plus Bishop in Grenada and Manley in Jamaica were to constitute "the Bermuda triangle" for the American strategy. Trinidad was to start the race for petitions for admission to the OAS by the ex-British colonies, a process which failed with Guyana (it is a permanent observer for having prompted a territorial claim by Venezuela). Now if Guyana sided with England in the case of the Malvinas (and six Antillean countries backed it in this), it is due to the fact that acknowledging Argentina's recovery action would be equivalent to validating a possible Venezuelan occupation. So it has been said, and not without reason, that the two cases are similar but different. England's right to the Malvinas in 1833 was that of force, as was the right of force it exercised against us in the 19th century and as is the right of force, according to words that came from deep within her, the right of the Iron Lady and her Invincible Armada.

For a reciprocal reason, England has sided and would side with Guyana, before because it conveyed a claim for which it was originally to blame and tomorrow because that is how the empire operates, through compensation systems. Great Britain obstinately refused to respect our reservations with regard to the 1899 arbitration award, only consenting to reconsider the matter in the same year in which it did so with the Malvinas in response to Argentina's demands, when it was obvious that the United Nations was not a fertile field for legalized colonialism, whether imposed unilaterally, bilaterally or in triple alliances by the big powers.

Guatemala and Its Problem: Belize

How complicated that Balkan diplomatic affair of our America must be, the fact that Guatemala, with one of the most repressive regimes that has ever existed, one, moreover, that has been prolonged since the 1954 invasion — consented to and promoted by the OAS and the TIAR — was the first country to display its active solidarity with Argentina. The reason? As in the case of Guyana in 1966, England recently announced, after 107 years of dispute, a change of status for Belize, a land which Guatemala considers its own and over which, to further confuse the issue, Mexico would claim sovereignty in the event the Guatemalans should decide to effect a now almost impossible integration by force or diplomatic negotiation. Whether both countries or England, which piratically entered the picture as in the Malvinas, the Essequibo and the Miskito Coast, the dispute would be magnified due to the fact that there is an oil basin in the area bigger than the one in southern Mexico.

Guatemala backs Argentina because it considers the plunder to be the same. Mexico would not fully back Argentina because it feels that the latter has abandoned peaceful means. If Mexico submits a proposal, it will not be acceptable to Galtieri, nor to Foreign Affairs Minister Pym either. For the Argentines, Mexican neutrality is the greatest danger after the United States, which will seek ways of justifying Great Britain's actions and preserving NATO

Something Is Keeping Colombia Awake Nights

Colombia did not even vote favorably for the meeting on Monday, the 26th. Obviously, something is going on, but what? Colombia has a difference of opinion with Venezuela, which on occasion has led it to denounce our arming ourselves, thus combining its reservations with Burnham's attacks. Turbay and his foreign affairs minister, Lemos, could be thinking that, on the basis of our temporary economic and military superiority, we might rush into an action for the denunciation of which there would be a moral basis, given their rejection of Argentina's armed action. But those who calculate more shrewdly prefer to defer the matter to Nicaragua, a country with which Colombia has been waging a tough fight for the chain of islands, ridiculous in terms of territory but important strategically, of San Andres, Roncador and Quita Sueno.

In terms of the position represented by fervent Peruvian support for the "malvinazo" ['Falklander'], there is, on the one hand, recognition of the liberators, San Martin at the head of the list, and, on the other, the

dependence of the "Argentine military school." Lima is like a projection of Buenos Aires and here it is pertinent to recall Betancourt's accusation that both Odria and Perez Jimenez' coups were inspired by the lodges of the South.

Chile and Ecuador's Dilemma

In Ecuador there is sympathy for the Argentine cause, but officially it is an uphill battle for the government to acknowledge the fact since for it Peru is an enemy with which it has had a lengthy border dispute that also a few months ago broke out into armed skirmishes. Chile is even worse, because Chile and Peru have supported war and Chile and Argentina support the dispute over the Beagle Canal. Notwithstanding the fact that the Pinochet junta is within the great swath of militarism that expanded in the southern part of South America in the 1970's, he will not do a lot of boasting about his Latin American solidarity with Argentina, despite their common independent past. At an inter-American air forces conference, held in the Argentine capital precisely while all the ranting was going on and which Gen Hernandez Vasquez attended, Bolivia fell flat on its face when it offered naval air support, which is certainly precarious and more than certainly out of range. Nor did Argentina at that time think of resorting to the TIAR, giving it elbowroom for recovery and an opportunity for the United States to intercede.

There is a secret interview by Zweig and to the effect that Brazil might serve here in a diplomatic capacity.

Brazil: 'The Bull in the China Shop'

Brazil recently laid to rest the specter of its outbidding Argentina for military and geopolitical control over South America. Included in gigantic plans for the development of hydroelectric power, the two had reached an understanding. It has been said that the most active diplomatic university in recent years on the continent has been the one at Itamarati and the facts do not seem to deny this. Here Pedro Pablo Aguilar, Domingo Alberto Rangel, Baldo Casanova, Jorge Olavarria and Virgilio Lovera have offered opinions on the problem and all of them recognize the uniqueness of this foreign affairs ministry, so perfectly coordinated with the country's economic and military plans. Buenos Aires has never lagged behind and, like Brazil, nurtures an ever faster growing military industry. For Brazil, the decision made on Monday, the 26th, is a real challenge, not a formal decision. This is a subcontinent and remains tied to Argentina and the militarized countries with common influence, among them Uruguay and Paraguay. Like the United States, Brazil cannot talk for the sake of talking. If it offers military aid, it has to give it. That is, the gesture would not be a ritual one. Furthermore, Brazil is bounded by the Rupununi and views a "Venezuelan attack" with more concern than an encounter in the South Atlantic. Venezuela will raise its voice to be heard more in the debate since this is what Argentina wants and, after all, what the United States ought to want. Perhaps Brazil is waiting for decisions so that it can then mediate or seek negotiated solutions, like Mexico. If the military committee Argentina proposed in 1967 were in existence today, the TIAR would have at its disposal a means outside of the special and advisory meetings, one that could be quickly appealed to, but since it does not exist, England enjoys the privilege of its absence. It is the moment of truth. Either the TIAR will be tempered like steel, an alternative that 99 percent of the analysts rule out, or it will simply turn into slag. And this certainly possible.

AD LEADER DISCUSSES U.S. FOREIGN POLICY, ESSEQUIBO

Caracas EL NACIONAL in Spanish 26 Apr 82 p C-1

[Interview with Reinaldo Leandro Mora by Alfredo Pena; date and place not given]

[Text] The government has to denounce Guyana for violating the Geneva Convention.

Democratic Action has approved the F-16 purchase because in this case the Air Force has demonstrated its effectiveness. Frustrated politicians are thinking of a coup in Venezuela. The party supports the recovery of the Malvinas, but warns about the dictatorial nature of the Argentine Government.

The Malvinas issue has put discussion of principles, ideologies and pragmatism in politics on the agenda.

The Social Christian and social democratic political parties of Venezuela have decidedly supported Argentina, while their counterparts in Europe — especially where they are part of the government — have declared their complete solidarity with the British Empire.

And this is not the first time that social democrats and social Christians of the industrialized nations and the so-called Third World have assumed opposing positions. This sort of thing has always happened when the economic and geopolitical interests of the big powers clash with our countries' constant effort to preserve their sovereignty and geographical boundaries. Powerful nations have neither principles nor scruples where increasing their wealth is concerned.

Another important issue of our time is the one relating to the role of the armed forces in underdeveloped, democratic nations. This is the case with us.

The selection of weapons for our militia is also a matter that has set politicians to thinking about the quality and effectiveness of the military equipment the officers of our armed forces have to use.

The above-mentioned topics took up most of a lengthy conversation with Reinaldo Leandro Mora, who is today the subject of our interview.

[Question] In the final analysis, what is Democratic Action's (AD) official position on the Malvinas?

[Answer] The one set forth in the party's National Executive Committee (CEN) communique. We firmly support Argentina, although we would have preferred the path of negotiations between the two parties. This fact is very important and represents something very dear to the Latin American countries: the defense of their sovereignty, the recovery of land snatched by the colonial powers.

[Question] There are some who resort to "legalistic" arguments to censure Argentina for its action. But was not the act perpetrated by the British Empire in its days of plunder an act of force devoid of any legality?

[Answer] We cannot very well speak of illegality in the Argentine Government's action to recover the Malvinas.

[Question] Nor has the ruling political system in Argentina any reason to invalidate a sovereign act of the government.

[Answer] The CEN communique, in which the party's official position is stated, is very clear on this point. In it we said that this is a good opportunity for the Argentine Government to think about a change in its line of action. It has to make those corrections necessary to safeguard the institutional legality of the people as concerns the Constitution and the laws. We would have to set out on the path of full-fledged democracy....

[Question] The opposition to the dictatorship has supported national recovery of the Malvinas, but it has let it be known that it will not let in its struggle to introduce democracy.

[Answer] That is the proper position. However, we still believe that there will be a peaceful outcome and let us hope that the efforts the U.S. secretary of state is making will arrive at a solution that preserves Argentine sovereignty and puts an end to the dispute.

[Question] Some ask why the situation came to a head. Perhaps the Argentines, who endured more than a century and a half of deprivation without the colonialists' considering their demands, were not patient enough?

[Answer] England's position has been so tough that the Argentine movement has received a great deal of sympathy, especially in Latin America. Great Britain has not been open to the slightest negotiation. And the sympathy of our peoples is due to the fact that we have all been victims of colonialism.

[Question] Do you believe that this event can bring us to modifying a little the view we have always held of Guyana?

[Answer] I don't believe that it will get us to change our view of the situation, but it has made us more aware of it. I am sure that once the Port-of-Spain Agreement of 18 June expires the government and the country's attitude

will be different, guided by the Geneva Convention: Guyana cannot exercise acts of sovereignty over a disputed zone.

[Question] A very highly-placed Brazilian Armed Forces general recently said that he was much more concerned over any action of Venezuela's in Guyana than over the Malvinas issue because that would bring Venezuela into confrontation with Great Britain. And, as the uniformed Brazilian said, this would automatically throw us into confrontation with the United States, which has always demonstrated its desire to act in common agreement with London.

[Answer] The United States cannot continue to pursue a policy toward Latin America like the one it did at the start of the Malvinas situation. Washington cannot go on with a policy of turning its back on the continent. We understand the close ties the United States has with England, but the United States cannot forget that it is located in this hemisphere. It has its natural allies here, which it cannot turn its back on. Perhaps the Malvinas incident will make it think about cases like Belize and the Essequibo.

The Essequibo

[Question] And would we have to continue discussions indefinitely — if the Guyanese dictator agrees to them — without considering concrete actions?

[Answer] The Geneva Convention provides for exhausting all peaceful channels. We are optimists and believe that we can reach an understanding. And if the other party refuses to discuss the issue, as has happened in the case of the Malvinas, we will have no reason for sitting there with our arms crossed.

[Question] The fact is that, while time goes by, the Guyanese are granting concessions to third parties in the disputed zone. Transnational capital has been used to explore the area and even oil drilling rigs have been erected in the disputed zone. For various reasons, Brazilian, Canadian, English, Cuban, etc. capital or ideologies appear to be involved in this penetration.

[Answer] The Geneva Convention allows us to denounce these acts. We Venezuelans have been a bit negligent in handling this problem. Venezuela must quickly denounce these actions by Guyana.

[Question] Denounce these acts in the United Nations and the OAS?

[Answer] Of course! We must do so because they constitute a violation of the Geneva Convention. This could result in our having to abandon the channels of peaceful negotiation which our national government aspires to and turn to methods involving action. We have never wanted to do this.

[Question] Guyana is granting advantages to third parties to create a fait accompli situation for us, trusting to the fact that, when the time comes for defining borders, we will have to face Guyana and its confederates.

[Answer] We must revitalize the OAS, which is very much weakened. This is the responsibility of a very powerful country that has tried to make the OAS serve

it, especially when this power has been administered by those governments that believe in great use of power. And, on the other hand, solidarity among the rest of the countries of the continent in the effort to strengthen the organization has been lacking. The inter-American system is the only valid instrument we Latin Americans have to be able to face up to others in an international forum that has neither the prejudices nor limitations with regard to us that exist in the United Nations.

Ideological Crisis

[Question] In general, Latin American social democrats and social Christians support Argentina. But their Western European counterparts, who profess to have the same ideology, are firmly aligned with England. What happened to their principles?

[Answer] It is the desideratum of contemporary society: the struggle between ideologies and pragmatism. Ideologically, the social democrats are anticolonial in the world....

[Question] And not only the social democrats, but the social Christians and the communists, at the doctrinaire level, are also anticolonial....

[Answer] Yes, they are but, due to very circumstantial and very pragmatic interests, they differ as to the real doctrine with which they are associated. They turned themselves into pragmatists and left their principles by the wayside. The same thing is happening with the communists too. The Soviet Union in Afghanistan is an invading and colonialist country. And now the Soviets are assuming an attitude of caution toward and definite support for Argentina because that nation provides them with the grain they need. Moreover, this is how disputes make things worse for the Western world.

[Question] The AD, which occupies a vice president's seat in the Socialist International, ought to demand a definition of the problem of principles and pragmatism.

[Answer] In spite of the fact that Venezuela occupies a vice presidency in the Socialist International, through an act of courtesy by our social democrat friends, I should explain to you that we still occupy the position of an observer nation in that world organization. There are some party comrades who are very active in it, a fact which we respect. We are thinking of holding an international seminar to establish united opinions on some points on which differences among party leaders have on occasion been observed. And, as concerns the International, yes, I believe that they have to make efforts so that some parties, which resemble one another, attempt to correct their behavior. I think that, at least as parties if they cannot do so as governments, they ought to uphold the principles that are the reason for existence of their ideologies.

The Armed Forces

[Question] Politicians have publicly expressed their readiness to help the armed forces to modernize and adapt themselves to the times in which we live. However, they have not even passed that institution's charter reform bill.

[Answer] It is I who am chairman of the subcommittee that is studying the armed forces charter reform bill. The present law, which was very good in its time, is today a patchwork quilt. We have created a number of legal instruments that have in practice modified it. We have held many working sessions. I take advantage of this opportunity to announce that we already have a rough draft that constitutes the fundamental basis of the bill, which we will soon submit. We have consulted with all officer levels on active service and retired on this draft.

[Question] I have raised the issue because some officers have asked me: And what is happening with the armed forces charter bill? I believe that we probably have to admit that there has been a certain amount of negligence in the discussion and approval of this reform. They have been discussing it for several years now.

[Answer] I do not wish to evade the responsibility Congress, more specifically the Defense Committee, may have for it, but they too are somewhat responsible for it. In 1976 a bill reached Congress which they then attempted to withdraw. Another was submitted in 1977 and finally the one in 1978. This gave rise to certain delays in the very designing of the reforms that had to be made. Now we have reached the conclusion that the most important thing is to draw up a partial reform of the law in which the degree of progress the armed forces have attained is contemplated.

[Question] Doesn't the law set standards that permit us to guarantee a more technical and more professional evaluation of the problem of promotions?

[Answer] Yes, of course. We have eliminated old articles and created new articles for the purpose of improving the promotion system. We know that the subjective element will still and for a long time to come be a fundamental factor until a different situation, which we cannot foresee, crops up. But with this bill and especially with the regulations that will have to be approved as a result of this reform, we believe that the promotion system will be sufficiently improved. The top rank of the armed forces know that there are problems in connection with promotions and have collaborated in contributing their ideas for trying to achieve the optimal solution for all.

[Question] Does the bill try to minimize the risks and suspicions that there may be political interference in promotions?

[Answer] In all sincerity, I must say that the political factor may have intervened, but much less so than people imagine. We have supported the thesis that promotion policies must come from the armed forces themselves. They are the ones who have the information needed to rate and evaluate officers up for promotion. Congress acts as a moderating factor — sometimes we do not

succeed in avoiding injustices — but the fact that there is concern among the ranking military for improving promotions leads us to think that we are on the right track to creating a policy — in the best sense of the word — that corresponds to the need for offering an incentive to our best human resources.

[Question] Venezuelan democracy should be thinking of the need for a civilian to head the Ministry of Defense, a political responsibility in the government. The choice of an officer may sometimes create suspicions among the forces that make up the militia and a bad taste in their mouths.

[Answer] I believe that this is possible in Venezuela. The armed forces and the labor unions have been the fundamental factor in the consolidation of the democratic system. Sometimes there is talk in the streets of a "coup" and "conspiracies." These rumors are products of sick minds in the civilian world. The officers know that there are real opportunities for progress in our democracy, opportunities we have never had nor would ever have under a dictatorship.

[Question] Then there is no danger of a military coup?

[Answer] I sincerely believe that there is none. I have profound faith in the Venezuelan Armed Forces. There may be an officer or warrant officer who thinks that there ought to be a coup here, but they are not in a majority nor is this the thinking of the FAN [National Armed Forces]; it is the thinking of frustrated politicians, a few desperate individuals who want to exploit the military institution to obtain privileges. Today, we have an armed forces organization that can compete on technical, educational and cultural levels with the best in the world. There is no longer any separation between officer and university because hundreds of them take advanced courses at the old alma mater.

[Question] Yes, but no one here has served; almost all the senators and deputies have not discharged their compulsory military service.

[Answer] Despite all the faults it may have, the Enlistment Law passed by Congress reveals that the country has entered a very important period in the discharging of one's military obligation.

[Question] The new concept of national defense requires it of all, equally. But aside from that, armed forces efficiency could be diminished if we have two levels quite separated from one another: 1) a highly-qualified officer corps; 2) a semiliterate body of draftees.

[Answer] This is noticeably changing. I invite you to visit the military units with me so that you can see draftees with bachelor's degrees or who have successfully completed a few years of secondary education. There are also volunteers in their second or third year at the university. The armed forces have given them opportunities to go on with their studies.

[Question] When will Congress release the armed forces charter reform law?

[Answer] I believe that the armed forces charter bill will be approved in committee by 15 May and will be issued in July, completely ready, with its three discussions.

AD and the F-16's

[Question] In the Senate Defense Committee the AD approved the purchase of the F-16's. However, some party leaders, Carlos Andres Perez and David Morales Bello, among others, have again raised objections to this procurement. Are the armed forces qualified to determine whether an airplane will or will not be of use, or not?

[Answer] I sincerely believe they are. We have very competent officers. Some had reservations, but most of them were in agreement on it. Having analyzed the contract and the suitability of the aircraft for our defense, which is the most important thing, the AD voted for the purchase of the F-16's. We offered observations that were received in committee. The party felt that, as concerns the F-16's, the Air Force had acted effectively enough. And that is why we approved the purchase.

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CSO: 3010/1568

CALDERA ON ECONOMIC MEASURES, MISMANAGEMENT, OTHER ISSUES

Caracas EL UNIVERSAL in Spanish 11 Apr 82 p D-1

[Interview with Dr Rafael Caldera, former president of Venezuela, on various economic and other topics, by EL UNIVERSAL correspondent Angel Mendez; date and place not given]

[Text] "The increase in the price of gasoline will not affect the people. A debate between Lusinchi and me appears to be a natural development...if he accepts, I am willing. Polls will vary when the electoral campaign begins. I plan to speak on how the country should be governed in the next 5-year period without being at odds with the present government."

We spoke with him before he left for Lagos, Nigeria. There, as chairman of the Interparliamentary Union, he will carry out his next-to-last mission, since the last mission will begin in September in Rome.

As always, Dr Rafael Caldera receives the journalist in a friendly manner. He advises that he has just visited his close friend, Lorenzo Fernandez, "who is recovering satisfactorily."

"He did not participate directly in the economic measures instigated by President Herrera Campins, but Dr Calderon Berti, Luis Ugueto and I had already spoken about the pros and cons of the decision to increase the price of gasoline."

Former President Caldera said that, in general, the measures were well-founded, for they dispelled a number of false rumors on a possible devaluation of the bolivar, which were causing harm.

[Question] After his annual state-of-the-union message, President Herrera Campins stated in an interview that his administration would not raise the price of gasoline.

[Answer] The president was very serious when he made that commitment, for he had made a very clear decision in that respect. Now there is still a truly special situation. On the one hand, the circumstances of the oil market had a bearing on the increase, and, on the other, the opposition, through its most

qualified spokesmen, insistently demanded that the president adopt that measure. I think this is a rather rare case, perhaps unique in the world, for, generally speaking, the government comes up with measures which can cause displeasure and the opposition protests; here, decisions were made upon the demand of the opposition.

[Question] But now fares will go up...

[Answer] I do not believe so. I have spoken in this respect with the minister of energy and mines and with Luis Ugueto and we agree that the mass transport of people and goods will not undergo any change, not only because gasoline did not go up 10 centimos but because most of these vehicles run on residual fuels on which there was no price increase.

(Dr Caldera favors the alternative of installing a liquid gas system, which would be "a solution for taxis and rental cars." Liquid gas would be cheaper than gasoline and would also help clean up the atmosphere which is so contaminated.")

[Question] President Herrera has been accused of being "deaf" because he did not decide to increase the price of gasoline before we got into this crisis.

[Answer] As a matter of fact, it was a very difficult decision to make. Although it is obvious that every liter of gasoline presently consumed in Venezuela adds to the deficit and especially curtails foreign sales, it is logical that in an oil country we could have expected and contemplated reducing the privilege of a group of Venezuelans to obtain very cheap gasoline much sooner; but in any case, all things considered, including the price increase, gasoline continues to be cheaper in Venezuela than in any other country.

[Question] But they waited 3 years to take this step... What would you have done?

[Answer] I must systematically avoid any comparison between what could be my administration and the one we presently have. What I shall do, when the electoral campaign officially begins, is to speak out how the country should be governed during the next 5-year period. But, of course, I must avoid any statement which implies any kind of comparison or counterpoint with the present administration.

[Question] You speak of governing in the next 5-year period, but Jaime Lusinchi says that you will be an inferior president.

[Answer] He has no other recourse than to use that kind of language. I do not believe that the spirit of triumph which is characterizing the AD [Democratic Action] campaign is a good ally in the electoral contest.

[Question] However, Calderism also has too much of the spirit of triumph.

[Answer] No. I believe that... at least as far as I am concerned, I am clearly aware that it is an interesting, thrilling, in some aspects stormy and difficult struggle; but in that struggle it is obvious that I have great faith in winning.

[Question] Mr President, your entry into the race seems to signify the height of bossism in the parties. Why do you not bow out and make way for the new generations?

[Answer] The new generations in COPEI [Social Christian Party] see in my candidacy and possible administration the best assurance that positions of leadership will be taken, so essential in the life of the country. I once said that I hope to be an aircraft carrier which will enable the best jets, the party's most flexible and youthful members to occupy Venezuela's skies. I think there is something erroneous in that respect. It depends on what is meant by "boss." There are bosses and leaders. A boss is one who imposes his will above the established norms and does not observe those norms; a leader, a guide, sets the example in observing the norms, and I am sure that no one can say I have not faithfully observed the established norms in the country and party.

[Question] Would you agree to a televised debate with Lusinchi?

[Answer] This appears to be a natural development. I do not want to challenge anyone, but I believe that confrontation will be demanded by public opinion when the electoral campaign gets underway. If he accepts, I am willing; for anyone who engages in an electoral campaign knows the risks he is running.

[Question] Although it may seem impossible, would you agree to support a COPEI leader who would not be a Caldera or Montes de Oca?

[Answer] Those things are not fabricated. My candidacy did not result from a whim, from negotiations or maneuvers. My candidacy arises from reality, from what the polls say, from what the people think, the rank and file, not from impositions. In electoral campaigns we do not have the case of a test-tube baby which would have to struggle within totalitarian machinery in which a party imposes its will on the people and, through that machinery, tells the people from on high what it desires.

[Question] You uttered two important words. One of these is "polls" and the other "imposition." Did you not impose Lorenzo Fernandez as candidate in 1973?

[Answer] That is fiction. Fernandez was a candidate because he had always been looked upon as first in the line of succession. Fernandez showed political qualities, and the country was able to appreciate his work at the head of the Ministry of Interior Affairs; it was up to him to carry out the most transcendental task any official in that office had ever had: that of restoring peace.

He then calls upon Pedro Pablo Aguilar who, as secretary general of COPEI at the time, could decide whether or not Caldera had influence in the choice of the presidential candidate.

[Question] And in the case with which we are concerned?

[Answer] We shall arrive at the end of this internal process and shall become aware of the reality the party wants.

[Question] Then you do not believe that Montes de Oca has been imposed?

[Answer] The Social Christian congress has not met or made any decision, and I have great confidence in the results of that congress.

[Question] But you did not like it very much when President Herrera gave Montes do Oca a pat on the back in his annual state-of-the-union message, to the point where Gonzalo Barrios offered a witticism and you half smiled.

[Answer] Well, Gonzalo and I have very cordial relations. At times he as a very witty and somewhat restless spirit. I am in harmony with that.

(We then asked him to comment on the polls.)

[Question] Dr Caldera, you are doing very badly in the polls.

[Answer] This is an erroneous impression. Whoever observes and studies those polls well will realize that what we have is the certainty that the AD will win because the AD says so. But when one analyzes the candidates, their conditions and the circumstances each one represents, then this does not appear so clear and definite as the Democratic Action leaders pretend. Moreover, permit me to repeat that a candidacy based only on polls can be greatly let down when the polls begin to vary.

[Question] Will they vary?

[Answer] You will see when the electoral campaign begins.

The former president's automobile, stationed at the gates of "Tinajero," had a rough time warming up its engine. Would Dr Caldera go to the Camuri Grande Club where a "Way of the Cross" would be carried out in the night? From the interview we can conclude that the economic measures taken by President Herrera "are good in general," since the former president does not find any definite objection to any of them, although he has not studied them in detail.

"The gist of his recommendation was to put a curb on wasteful spending, readjust public expenditures and establish more austere modes of conduct; these are positive aspects and what we should want to happen."

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FOREIGN RESERVES, BALANCE OF PAYMENTS DEFICIT

Caracas EL NACIONAL in Spanish 24 Apr 82 p 1-1

[Editorial by Edgardo Silberkasten: "The Balance of Payments Deficit"]

[Text] "Only if the international petroleum market responds will the government be able to maintain its present level of reserves. In any case, after 3 years, the country will have a deficit in its balance of payments."

Ever since the historic OPEC meeting in Vienna, where the 13 members of the oil cartel decided to reduce daily production to 15.5 million barrels, the Venezuelan economic administration has been meeting almost every day on the average.

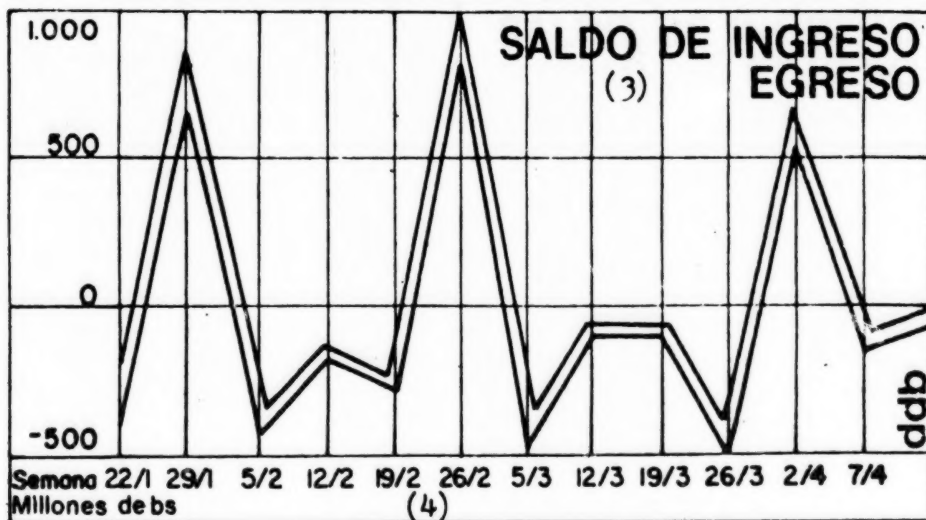
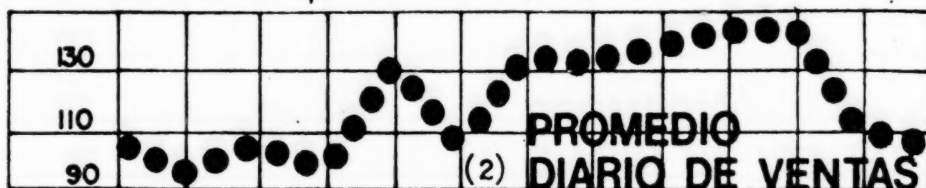
First, the officials decided to study the impact that decision would have on domestic income. Then began an analysis of the fiscal deficit the measure was causing. Later, the ministers started a discussion on a reformulation of the 1982 budget; and, lastly, relevant studies resulted in the adoption of a new financial program to carry out the sixth plan.

A few days ago, when Venezuelans were packing their bags to enjoy the Holy Week holidays, President Herrera addressed the country to announce a series of measures and simultaneously explain the figures involved in the fiscal breach. In conclusion, after great speculations, the national executive said that the breach amounted to 13.4 billion bolivars which--he believed--represents a drop of about 20 billion bolivars in total income for 1982. However, Venezuelan Petroleum, Inc [PETROVEN] made it a point to question President Herrera's figures, since, according to Julio Cesar Arreaza, the drop in income is closer to 25 billion bolivars. On this basis, the reduction in fiscal income should be much greater.

Aside from this point, which will surely give rise to discussion in the next few days, using the slogan, "support oil," the president decided to increase the price of gasoline. Together with this measure, an increase in the country's export tax, brought the state treasury an additional 2 billion bolivars, which helped increase the meager foreign income. In other words, the government made it a point to increase domestic taxation inasmuch as the reduction in the volume of oil exports, together with the fixing of hydrocarbon prices, resulted in an appreciable reduction in income compared with 1981.

Trend of Foreign Exchange
(millions of bolivars)

MOVIMIENTO DE DIVISAS



Key:

- 1. Reserves
- 2. Daily sales average
- 3. Income-expenditure balance
- 4. Week

Very few members of the political opposition openly questioned the measures of 7 April. In general, commentaries relating to this subject emphasized that the measures were lukewarm and that there was still a lack of definite policies. "Until now, the president has announced tax measures but has said nothing about criteria to bring about an economic recovery," asserted a top official of the FEDECAMARAS [Association of the Chambers of Commerce and Industry]. According to information given by Luis Ugueto and Enrique Perez Olivares, next week other measures will be announced to stimulate the domestic productive apparatus. Some of these measures will be directed toward the construction sector, others to capital goods, some to the financial sector and some to the agricultural industry. In fact, next week the Central Bank might adopt a system of preferential interest rates for agriculture and livestock activities.

For the moment, it is difficult to predict what discussion will take place on the effects the Holy Week measures will have on the people. Maritza Izaguirre, head of CORDIPLAN [Office of Coordination and Planning], ventured to say that the increase in the price of gasoline will not amount to more than 5 percent in the cost of living in 1982. Whether this is true or not, the result may be known within a few months, when the impact of the measures will really be felt.

Until now, it can only be acknowledged that after 3 continuous years of surplus in the balance of payments, this year the country will have a negative balance of about \$3 billion. This is undoubtedly a lower figure than the \$5,735,000,000 of 1978 but worrisome in terms of the favorable balances of 1979, 1980 and 1981.

Another aspect which seems to be creating concern in the country's financial circles is that of the use of the \$4,252,000,000 in the nonobligated treasury reserves which will be tapped in this situation, as repeatedly pointed out by several ministers. The only circumstances in which it may not be necessary to resort to these reserves is if the international petroleum market suffers an unprecedented upset and the present 16.5 million barrels OPEC is supplying increases to 22 million per day, which will make it possible to reestablish Venezuelan exports.

The Ministry of Energy and Mines and PETROVEN are looking toward a recovery of the market. If worse come to worst, that is, if the hypotheses relating to the oil sector do not hold true and the present situation persists, it is foreseeable that it will be necessary to resort to the noncommitted reserves, as contended by various ministers.

The solution least desired by the executive branch, but one which in the light of the present situation seems the most probable, is to resort to foreign indebtedness. These requirements, far from serving as a stimulus for new investments or the adoption of programs in addition to those anticipated during the present administration, would only serve to guarantee the continuance of certain plans which cannot be delayed. To resort to new indebtedness, the government can offer a relatively strong argument: economic retrenchment will produce a decrease in imports, and this could offset the decline in oil income and thus avoid stronger impacts on the balance of payments.

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June 17, 1982